Calendar No. 280

99TH CONGRESS, 1st Session } SENATE { REPORT 99-129

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION BILL, 1986

AUGUST 28, 1985.—Ordered to be printed
Filed under authority of the order of the Senate of AUGUST 1 (legislative day, JULY 16), 1985

Mr. GARN, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H.R. 3038]

The Committee on Appropriations to which was referred the bill (H.R. 3038) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1986, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

AMOUNT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY

	Fiscal year 1986
Amount of bill as recommended in House	$55,402,513,781
Amount of change by Committee	−570,263,000
Amount of bill as reported to Senate	54,832,250,781
Amount of appropriations to date, 1985	58,923,614,775
Amount of budget estimates, 1986	50,144,168,000
Over estimates for 1986	4,688,082,781
Under appropriations for 1985	4,091,363,994

S183-8

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SUMMARY OF THE BILL

Department or agency	Appropriations, 1985	Budget estimates, 1986	House allowance	Committee recommendations	Senate bill compared with—		
					Appropriations, 1985	Budget estimates, 1986	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
American Battle Monuments Commission	$11,065,000	$11,004,000	$10,954,000	$10,954,000	-$111,000	-$50,000	.....
Cemeterial expenses, Army	7,759,000	14,932,000	7,759,000	14,778,000	+7,019,000	-154,000	+$7,019,000
Consumer Information Center	1,149,000	1,249,000	1,249,000	1,249,000	+100,000	.....	.....
Consumer Product Safety Commission	36,000,000	34,575,000	37,000,000	34,900,000	-1,100,000	+325,000	-2,100,000
Council on Environmental Quality	700,000	732,000	700,000	732,000	+32,000	.....	+32,000
Department of Housing and Urban Development	13,942,375,775	4,183,643,000	14,040,549,781	12,582,480,781	-1,359,914,994	+8,398,817,781	-1,458,089,000
Department of the Treasury	4,874,641,000	4,574,700,000	3,433,025,000	4,574,500,000	-300,141,000	-200,000	+1,141,475,000
Environmental Protection Agency	4,385,775,000	4,683,316,000	1,496,176,000	1,499,726,000	-2,886,049,000	-3,183,590,000	+3,550,000
Federal Emergency Management Agency	561,368,000	545,393,000	631,656,000	588,182,000	+26,814,000	+42,789,000	-43,474,000
Federal Home Loan Bank Board	(24,381,000)	(25,877,000)	(26,213,000)	(26,213,000)	(+1,832,000)	(+336,000)	.....
National Aeronautics and Space Administration	7,491,400,000	7,928,000,000	7,666,000,000	7,715,000,000	+223,600,000	-213,000,000	+49,000,000
National Credit Union Administration	(850,000)	(850,000)	(850,000)	(850,000)	.....	.....	.....
National Science Foundation	1,501,792,000	1,571,243,000	1,523,855,000	1,539,650,000	+37,858,000	-31,593,000	+15,795,000
Neighborhood Reinvestment Corporation	15,512,000	14,669,000	17,669,000	16,669,000	+1,157,000	+2,000,000	-1,000,000
Office of Consumer Affairs	2,096,000	1,988,000	1,988,000	2,028,000	-68,000	+40,000	+40,000
Office of Science and Technology Policy	2,194,000	2,091,000	2,343,000	2,343,000	+149,000	+252,000	.....
Selective Service System	27,780,000	27,664,000	27,780,000	27,780,000	.....	+116,000	.....
Veterans Administration	26,062,008,000	26,548,969,000	26,503,810,000	26,221,299,000	+159,291,000	-327,670,000	-282,511,000
Total	58,923,614,775	50,144,168,000	55,402,513,781	54,832,250,781	-4,091,363,994	+4,688,082,781	-570,263,000

GENERAL STATEMENT

The Committee recommends new budget (obligational) authority of $54,832,250,781 for the Department of Housing and Urban Development, the Environmental Protection Agency, the National Aeronautics and Space Administration, the National Science Foundation, the Veterans Administration, and 13 other agencies, commissions, boards, corporations, institutes, and offices. This amount is $4,091,363,994 less than the appropriations enacted for fiscal year 1985 and $4,688,082,781 more than the budget estimate for fiscal year 1986.

TITLE I—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

	Contract authority	*Budget authority*
1985 limitation	$847,524,808	$10,759,482,775
1986 budget estimate	356,445,540	499,000,000
House allowance	756,897,547	9,200,902,781
Committee recommendation	802,974,547	7,468,420,781

The Committee recommends $7,468,420,781 of new budget authority. This is $6,969,420,781 more than the budget estimate and $1,732,482,000 less than the House.

PROGRAM DESCRIPTION

Currently, the Department's assisted housing efforts principally consist of a Low-Income Public Housing Program and the Section 8 Lower Income Rental Housing Assistance Program. Under the Public Housing Program, local public housing agencies develop, own, and operate low-income public housing projects, financing them in the past through the sale of short-term, tax-exempt notes and long-term instruments, with HUD entering into a commitment to pay the debt service of these obligations through an annual contributions contract to help assure low rents and adequate services. Financial assistance is also provided to Indian housing authorities to plan, build, own, and operate low-income public housing projects. Under the Section 8 Rent Subsidy Program, the Department pays the difference between what an eligible lower-income household can afford and the fair market rent for an adequate housing unit. This rental assistance may be used for existing housing, for new construction, or for rehabilitated units.

The administration's budget for fiscal year 1986 proposes a 2-year moratorium on funding for additional subsidized housing units. Under the budget proposal, funding would be limited in 1986 to support a modest number of special purpose replacement subsidies—loan management, property dispositions, and similar purposes—amendments and emergency public housing modernization activities. The administration's budget for 1986 also proposes to terminate the Farmers Home Administration [FmHA] housing assistance programs. Legislation is being proposed so that, at the end of the 2-year moratorium, HUD would expand its role in rural areas. When funding is resumed in 1987, assistance will be distributed on a 50–50 basis between metropolitan and rural areas.

The budget includes a number of management and legislative initiatives which are intended to reduce both program and administrative costs. The legislative proposals include a 1-year freeze on section 8 existing fair market rents [FMR's] and housing voucher payment standards during fiscal year 1986 at the fiscal year 1985 levels. Following this 1-year freeze, the normal cycle of adjustment will be renewed. Consistent with past findings of the Department's Office of Inspector General, legislation is being proposed to require applicants for assisted housing to submit social security or employee identification numbers as a condition for participation. This will assist HUD in verifying tenant incomes. The budget also assumes that the amendments included in the Housing and Community Development Amendments of 1981 governing contract rent adjustments for new construction and substantial rehabilitation projects will be enforced as well as the requirements of the act as it applies to rent comparability. Consistent with the administration's Governmentwide effort to reduce administrative costs, the fees provided to PHA's participating in the section 8 and Housing Voucher Program are being reduced by 10 percent in 1985.

Finally, the budget proposes a substantial change to the method used for financing public housing development and modernization activities. The change involves 1 year direct financing of public and Indian housing development and modernization instead of the current long-term debt amortization method. The plan also calls for forgiveness of (1) PHA and IHA debt and (2) HUD Treasury borrowing debt associated with financing such activities. This will result in the recapture of substantial amounts of contract authority and budget authority under the "Annual contributions" account in 1985 and 1986.

COMMITTEE RECOMMENDATION

The Committee recommends $7,468,420,781 in new budget authority and $802,974,547 in additional contract authority for the Department's Assisted Housing Program within this account. The total program level resulting from the Committee's recommendations is $8,602,707,500. This compares to a $1,391,945,209 program level proposed by the administration and $10,110,189,500 proposed by the House.

The following table displays the gross reservations, contract authority and budget authority associated with the Committee's recommendations:

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING GROSS RESERVATIONS—FISCAL YEAR 1986

	Units	Cost	Contract authority	Term	Budget authority
Carryover	NA	NA	$66,491,114	NA	$309,286,719
Recaptures	NA	NA	33,611,000	NA	859,000,000
Rescission of recaptures	NA	NA	(33,611,000)	NA	(634,000,000)
New authority	NA	NA	802,974,547	NA	7,468,420,781
Total, available	NA		889,465,661		8,602,707,500
Public housing:					
Indian housing	2,500	5,850	14,625,000	28	409,500,000
Amendments	NA	NA	10,344,828	29	300,000,000
Lease adjustments	NA	NA	19,200,000	1	19,200,000
Modernization	NA	NA	NA	NA	735,295,000
Subtotal, public housing	2,500		44,169,828		1,463,995,000
Section 8:					
Section 202	12,000	6,736	80,832,000	20	1,616,640,000
Section 202 amendments	NA	NA	19,000,000	20	380,000,000
Subtotal, section 202	12,000		99,832,000		1,996,640,000
Housing vouchers:					
Incremental	40,000	3,858	154,320,000	5	771,600,000
Section 8 opt outs	1,000	3,858	3,858,000	5	19,290,000
Public housing demolitions	2,500	3,858	9,645,000	5	48,225,000
Voucher PHA fees	NA	453	19,705,500	5	98,527,500
Subtotal, vouchers	43,500		187,528,500		937,642,500
Existing/mod rehab:					
Certificates	40,000	5,142	205,680,000	10	2,056,800,000
Moderate rehab	5,500	5,716	31,438,000	15	471,570,000
Subtotal	45,500		237,118,000		2,528,370,000
Existing—Project-based:					
Loan management	5,000	3,524	17,620,000	5	88,100,000
Property disposition	5,000	4,873	24,365,000	15	365,475,000
Subtotal	10,000		41,985,000		453,575,000
Conversions—section 23	1,000	3,499	3,499,000	15	52,485,000
Subtotal, conversions	1,000		3,499,000		52,485,000
Amendments:					
New/rehabilitated	NA	NA	25,000,000	6	140,000,000
Existing housing	NA	NA	100,000,000	5	500,000,000
Loan management	NA	NA	145,000,000	NA	245,000,000
Property disposition	NA	NA	1,333,333	15	20,000,000
Moderate rehab	NA	NA	4,000,000	10	40,000,000
Subtotal, amendments	NA		275,333,333		945,000,000
Subtotal, section 8	112,000		845,295,833		6,913,712,500
Total, public housing and section 8	114,500		889,465,661		8,377,707,500
Section 17 development	NA		NA	NA	75,000,000
Section 17 rehabilitation	NA		NA	NA	150,000,000
Total use	114,500		889,465,661		8,602,707,500

Given the program structure proposed by the Committee, the recommended funding will result in the reservation of 100,000 incremental units. This contrasts with the administration's request which provided no incremental units and the 95,000 units provided by the House. The estimated number of incremental units expected in fiscal year 1985 is approximately 100,000. Specifically, the Committee proposes: 12,000 units of section 202 housing (versus 12,000 in the House and none pro-

posed by the administration); 2,500 Indian housing units (versus 1,000 in the House and none proposed by the administration); 40,000 section 8, 10-year existing units (versus 32,000 15-year in the House and none proposed by the administration); 40,000 incremental housing vouchers (versus 30,000 free standing vouchers in the House and none proposed by the administration); and 5,500 units of moderate rehabilitation (versus 15,000 in the House and none requested by the administration). Although the House has included 5,000 units of new public housing development, the Committee has not, at this time, recommended funding for public housing new construction. The Committee is following the Department's action on the public housing pipeline and will consider new construction when the problems concerning the preconstruction backlog are resolved.

The Committee is again recommending a total level of 100,000 incremental housing units, the same amount approved by the Congress last year. This recommendation is based on a model identifying the most critical housing needs of the Nation. While the latest census data has not been incorporated for fiscal year 1986, information relative to critical factors impacting housing needs indicate that the 100,000 unit level is the very minimum necessary to maintain progress toward addressing our most severe housing needs.

The Committee recommends that the public housing program, with the exception of modernization, be continued to be financed through long-term debt instruments. Prior to the Tax Reform Act of 1984, these public housing notes and bonds were exempt from Federal taxation. Passage of that act, however, has brought into question this exemption, and as a consequence, the Federal Government was required to directly finance nearly $15,000,000,000 in outstanding PHA debt.

This gross increase in Federal outlays has artificially distorted the actual housing program of the Nation. The Committee has repeatedly requested the Internal Revenue Service [IRS] to expeditiously clarify the tax exempt status of public housing debt instruments, and although nearly a year has past since this issue first arose, only recently has that agency managed to come forth with a partial ruling permitting rollovers of previously outstanding debt, and with significant requirements which make resumption of traditional housing financing unnecessarily difficult and complex. Furthermore, the IRS has yet to issue a definitive ruling on the more significant issue of whether new development financing can continue to enjoy tax exempt status. Until this issue is resolved, the Federal housing progams can only be financed by Treasury borrowing either in the form of direct Federal grants or indirectly through loans to PHA's.

Although the administration has requested that debt financing of public housing development in fact be eliminated in favor of direct capital grants, the Committee remains concerned at the distortions in budgetary terms that such a financing shift would entail. Furthermore, direct capital grants for public and Indian housing development would require specific new legislation which the Congress has yet to enact.

Pending enactment of either clarifying tax legislation or of a capital grants scheme for public housing, the Committee has no alternative but to provide development funds on the basis of long-term debt financing, which must involve direct Federal loans until a clarification of the tax status of these instruments is resolved.

With respect to modernization, however, the Committee has been advised by the Department that existing law does permit capital grants. The Committee, therefore, concurs with the House recommendation that this program be financed on that basis, at least until the tax status of all PHA instruments are clarified. The Committee notes that by utilizing capital grants, the required budget authority to provide a level of program activity is significantly less that that which is necessary under traditional debt financing. While this may provide some superficial advantage in terms of appearing to cut spending, it should be noted that without long-term financing, Federal outlays, and, therefore, the Federal deficit are substantially increased over the initial several budget years. In addition, it becomes virtually impossible to readily compare appropriated levels from year to year and frustrates aggregate budgetary control and accountability.

For these reasons the Committee strongly reaffirms its directive to the IRS to make a concerted effort to promptly clarify the tax status of all public housing debt instruments.

The Committee recommendation includes $75,000,000 for the HoDAG Program and $150,000,000 for the Rental Rehabilitation Program. Both programs are to be funded with sums which are recaptured from prior year obligations. The estimated $634,000,000 balance of fiscal year 1986 recaptures in excess of these amounts are to be rescinded and will offset against total budget authority required.

The Committee also recommends that new incremental section 8 existing housing certificates carry a 10-year term, rather than the 15-year current assumption for the program. The Committee recommends a provision in the bill which clarifies this intent. The Committee notes that by reducing the term on these certificates, the budget authority associated with the 40,000 incremental units recommended is reduced by one-third, or about $1,000,000,000.

The Committee is mindful, however, that this reduction in contract term will require additional budget authority 5 years sooner than would otherwise be the case if these units of assisted housing are to be maintained. At that time it is estimated that there will a growing amount of other section 8 contracts requiring renewal, approaching levels of $15,000,000,000 annually. This means that to merely maintain housing stock in inventory, the federal housing program will require new budget authority twice that of current levels. The Committee, therefore, directs the Department to include in its fiscal year 1987 budget presentation an analysis of the out-year budget implications of maintaining existing assisted housing stock through the year 2000.

The Committee does not concur with the House directive that the Housing Voucher Program be limited first to rent rehabilitation units

then to free standing units. As noted above, the Committee recommendation includes $150,000,000 for the Rental Rehabilitation Program which will provide approximately 30,000 units eligible for voucher assistance. Section 8(o)(1) of the Housing Act does imply that the Department has greater latitude in both the extent of the use of vouchers in connection with the Rental Rehabilitation Program as well as to the degree that voucher use must be coupled with demonstration requirements.

The Committee, therefore, recommends language which waives a provision of existing law which stipulates that substantially all vouchers be associated with other housing programs. The Committee further recommends that these vouchers be administered outside the burdensome constraints of the demonstration requirements applicable to the fiscal year 1985 program. Results of that demonstration effort should become available over the next few years. Pending receipt of this data, the Committee does not believe it warranted to require that all successive vouchers be subjected to the demonstration requirements.

The Committee does not recommend concurrence with an extensive modification of the prototype cost provisions of the U.S. Housing Act of 1937 contained in the House-passed bill. The Committee agrees with the concerns of the House that due to the very limited data base and to the relative inflexibility that the Department has adopted in applying its prototype cost requirements this has become a significant and unreasonable impediment to utilizing funds previously provided for new public housing development, particularly for large families. It appears, however, that a more constructive approach to addressing this problem is not to place further burdensome statutory requirements on the Department but rather to simply eliminate that provision in existing law which is the source of this unnecessary obstacle to housing development.

The Committee, therefore, recommends an amendment to simply repeal section 6(b) of the U.S. Housing Act. The Department is still expected to approve public housing development applications on the basis of reasonable criteria designed to promote economy and the provision of housing for all sizes of families. Among the factors the Secretary should take into consideration are extra durability for safety and security and economical maintenance, necessary amenities for healthy family life and neighborhood environment, good design, and energy conservation.

There has been a significant concern raised over the Department's proposal to decrease fees paid to PHA's and State housing agencies administering the housing voucher and section 8 programs. Last year, the Committee directed the Department to prepare a report on the costs incurred by these administering authorities prior to instituting a fee structure change. While that report has yet to be completed, the Department withdrew the proposal it was then considering. The 10-percent fee reduction now proposed represents a significant improvement over that which was pending last year, but the Committee remains concerned that whatever administrative fee structure is utilized by the Department, it

recognize the significant variations experienced by individual authorities in carrying out their responsibilities under these programs.

The Committee does not believe it prudent to flatly prohibit the Department from implementing its current fee reduction proposal. This is based on a general, although not fully documented, perception that in many if not most cases, current HUD fees exceed the actual cost of program administration. Furthermore, funds not allocated for administrative cost are available for the provision of actual units and to the extent administrative costs can be reduced, more families can be assisted within the budget.

A countervailing concern of the Committee, however, is that unless the administering agency is provided sufficient resources to carry out its responsibilities, these programs will not function properly to assist families in obtaining safe, decent, and adequate shelter, either because the units cannot be located or because the local administering agency lacks the resources to assure the units selected are properly maintained and comply with program standards.

For these reasons, the Committee directs the Department to complete its study of administrative costs of the voucher and section 8 programs, and furthermore, immediately institute a procedure whereby PHA's and other administering entities, who can demonstrate costs in excess of the new fee structure, are permitted to receive additional reimbursement. The Committee recommendation for the housing voucher and section 8 programs are based on the higher fee structure. To the extent that these funds are not needed for actual administrative costs, the Committee will expect that these funds be applied toward additional housing units.

The Committee is aware that legislatively mandated changes in deductions in tenant income may substantially increase the cost of existing housing agreements under section 8, section 236, rent supplement/RAP and public and Indian housing. These costs, in large measure, will have to be addressed as amendments to these prior year contracts and may total several hundred millions of dollars beyond that contained in the President's budget request for fiscal year 1986. The Committee has recommended an additional $120,000,000 in budget authority over the request within the "Annual contributions" account, to partially address these mandated requirements. The Committee directs the Department to carefully monitor these costs and to submit a supplemental request to assure that these costs do not impair its ability to meet other amendment requirements.

A continuing policy issue confronting the HUD Housing Program applies to the disposition of low-income rental units in departmental inventory as a result of a default on a Government guaranteed loan. The Committee recommendation includes 5,000 units of section 8 assistance to assure that families currently receiving assistance in these buildings will not be denied continued housing as a result of the sale of the development. The principal policy issue arises with respect to currently unsubsidized units, but which are serving low-income families. The Committee reserves judgment on this issue and believes that it must

ultimately be resolved in the authorization process. The Committee, however, notes that within the 100,000 incremental units provided, over 80,000 units of vouchers and section 8 are recommended and these resources can be in part utilized toward the preservation of existing housing stock to serve low-income families.

The Committee, in this connection, has attempted to maximize the effect of constrained budgetary resources toward the greatest number of housing units possible by concentrating these resources in existing units through the section 8 and voucher programs. Furthermore, the Committee's recommendation with respect to providing $150,000,000 for the Rental Rehabilitation Program, and the $471,570,000 for section 8 moderate rehabilitation are based on the fact that through these programs the greatest number of additional housing can be provided at the lowest per unit cost, even in areas where there is a shortage of adequate existing housing.

The Committee remains very sympathetic with the goals of home ownership programs such as the section 235 program and that embodied in the Nehemiah Program underway without direct Federal assistance in New York City. There are considerable benefits to these programs beyond simply enabling low- and moderate-income families to own their own homes. In many cases, development associated with these programs serve to anchor revitalization of entire communities. Within the extreme budgetary constraints on the Federal budget, however, the Committee must maintain its priorities to funding programs which directly serve as many families as possible, and within those that can be served, to target assistance to those families most in need.

The Committee notes that the levels recommended for the HoDAG program and for rehabilitation of existing housing units can be effectively utilized by communities to reverse the deterioration of existing housing stock. Furthermore, programs such as the Community Development Block Grants Program, urban development action grants, urban homesteading, and the Section 312 Rehabilitation Loan Program, all continued under the Committee recommendation, each individually, or in concert, can contribute to State or local based home ownership activites. The Committee, therefore, directs the Department to work with State and local sponsors of meritorious home ownership programs such as the Nehemiah Program to maximize the utility that these existing HUD programs can have toward accomplishing these community goals and priorities.

The Committee has been advised of a growing concern over the serious potential health risk represented by lead based painting housing occupied by young children. When this paint is improperly maintained and allowed to blister or peel, it represents a major hazard in that it may be ingested by children. It has been suggested that a portion of the funds recommended in this bill for moderization of public housing be earmarked exclusively for lead based paint removal. While the Committee is very sympathetic with the goals of such a program, it does not feel that such a limitation on the very limited funds for housing is warranted or appropriate at this time.

Fundamentally, the Committee is committed toward the goal of assisting the Nation's families in obtaining safe, decent, and affordable housing. To that end, it has attempted to maintain the subsidized program on track with an annual level of 100,000 incremental units. Peeling lead based paint, as one aspect of deteriorating and substandard housing is a problem that the overall housing program can correct by permitting families to obtain better housing.

The Committee further notes that public housing, which is all that the modernization funding can be applied toward, is only one aspect of those units receiving Federal assistance, and that substantial funds are appropriated annually for the maintenance of these units, including work to prevent the exposure of children to lead based paint. To the extent that more significant measures are necessary to repair or renovate public housing existing regulations governing the modernization program give priority to health and safety concerns.

The Committee strongly believes that as a matter of sound public and budgetary policy, the primary goal of securing decent and safe housing as a general and basic premise be maintained. The Committee does concur that a concerted effort to determine whether hazards such as peeling or blistering lead based paint should be undertaken, and that priority should be given to correcting such clear existing deficiencies.

RENTAL HOUSING ASSISTANCE PROGRAM

(RESCISSION)

1985 budget rescission	−$69,060,000
1986 budget estimate	−56,000,000
House allowance	−56,000,000
Committee recommendation	−56,000,000

PROGRAM DESCRIPTION

The Rental Assistance Payments [RAP] Program, authorized by the Housing and Community Development Act of 1974, is designed to aid very low income families in section 236 projects by permitting HUD to provide additional subsidies equal to the difference between the basic rent and 28 to 30 percent of income for a certain percentage of units. Starting in 1982, the tenant rent contribution for program participants began to being increased by 1 percent per year until a level of 30 percent is reached.

As a result of the increasing difficulty in funding RAP amendments, the administration began converting insured RAP-assisted projects to the section 8 program in 1983. The budget assumes the conversion of 13,672 units in 1985, representing the estimated balance of units in projects where owners are willing to convert. The budget also assumes noninsured, State-aided projects will be exempted from the conversion policy and will continue to receive subsidy assistance using the amounts set aside for future amendments in the 1983 Supplemental Appropriations Act (Public Law 98–63).

COMMITTEE RECOMMENDATION

The Committee recommends the proposed rescission of up to $2,000,000 in annual contract authority and $56,000,000 in budget authority in the Rental Housing Assistance Program in 1986.

HOUSING FOR THE ELDERLY OR HANDICAPPED FUND

(LIMITATION ON LOANS)

1985 limitation	($600,000,000)
1986 budget estimate	(50,000,000)
House allowance	(631,033,000)
Committee recommendation	(631,033,000)

The Committee recommends a loan limitation of $631,033,000. This is $581,033,000 more than the budget estimate and the same as the House allowance.

PROGRAM DESCRIPTION

The section 202 program provides direct Federal loans to nonprofit organizations who sponsor the construction and management of housing projects to serve elderly or handicapped families and individuals. The housing projects are designed to provide an assured range of necessary services for the occupants, including health, continuing education, welfare, recreation, counseling, referral, transportation to social services, and means to encourage and assist occupants to use the services and facilities made available. Projects developed under section 202 also carry a section 8 subsidy, which enables the rents of lower-income elderly or handicapped tenants to be reduced to a maximum of 28 percent of their income, during fiscal year 1984. Applications under the two programs are processed simultaneously.

The 1986 budget proposes a 2-year moratorium on this program but requests a loan limitation level of $50,000,000 to fund loan amendments to projects approved in prior years which are in the construction pipeline.

COMMITTEE RECOMMENDATION

The Committee recommends $631,033,000 as the loan limitation for the Elderly and Handicapped Program to permit financing of approximately 12,000 housing units. The Committee further recommends continuance of the limitations relating to qualified nonprofit sponsors and the long-term interest rate.

The Committee remains concerned over the adverse and unintended impacts that overly restrictive interpretation of limitations on tenancy may be having on the section 202 program. The basis of the Department's action is an authorization legislation provision which requires that 95 percent of subsidized housing units be rented to very low-income families. Congressional intent in enacting this provision clearly stated that the guideline was nationwide and departmentwide in scope and not applicable to individual projects or programs. The Committee,

therefore, reaffirms its expectation that the Department will utilize flexibility in applying this national 95-percent rule in order to minimize disruption of individual projects or programs, especially in cases where prior project planning and review assumed a greater moderate income family participation and that such rental mix is necessary to maintain financial feasibility.

CONGREGATE SERVICES

1985 appropriation	$4,144,000
1986 budget estimate	
House allowance	2,700,000
Committee recommendation	2,700,000

The congregate housing services program was authorized by the Housing and Community Development Amendments of 1978 to provide 3- to 5-year contracts to fund services for eligible residents of public housing and section 202 housing for the elderly or handicapped projects. The program is designed to promote and encourage handicapped elderly, nonelderly handicapped, or temporarily disabled individuals to maintain maximum independence in a home environment. In turn, this program should aid in avoiding costly and premature or unnecessary institutionalization of individuals and eventually reduce Government outlays for institutional care.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $2,700,000 for the congregate services program. This is the same level contained in the House allowance. No funds were requested for the program.

The final report of the evaluation of the Congregate Services Program is expected later this year. The level of funding recommended will maintain existing projects through April 1987.

PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

1985 appropriation	$1,138,500,000
1986 budget estimate	1,010,600,000
House allowance	1,210,600,000
Committee recommendation	1,260,600,000

Operating subsidies are provided to public housing authorities [PHA's] and Indian housing agencies [IHA's] to assist in financing the operation of PHA/IHA-owned dwellings in accordance with section 9 of the United States Housing Act of 1937, as amended. Operating subsidies are required to help maintain operating and maintenance services and provide for minimum operating reserves. The performance funding system [PFS] formula is used to calculate the level of operating subsidy to be provided to each PHA/IHA to operate its owned units with the exception of the PHA's of Alaska, Guam, Puerto Rico and the Virgin Islands, and certain homeownership projects. Subsidy payments are in addition to the annual contributions for debt service provided by the Department to cover the development, acquisition, or modernization costs of projects.

The performance funding system has been used since 1975 to calculate the operating subsidies to be provided to each PHA/IHA to operate its owned projects. The calculated subsidy amount under PFS is the difference between the estimate of operating costs minus an estimate of income from rents and other sources.

The 1986 obligation estimate of $1,310,600,000 is $350,300,000 less than the current 1985 obligation estimate of $1,360,900,000. This estimate, based on the PFS formula, reflects (1) a 1-year freeze on PHA and IHA personnel and related expense levels, and (2) implementing a policy restricting payment of subsidy for vacant units in 1986.

COMMITTEE RECOMMENDATION

The Committee recommends a level of $1,260,600,000 for public housing operating subsidies. This is $250,000,000 more than the budget request and $50,000,000 more than the House allowance.

The Committee recommends an increase of $50,000,000 in this account to permit payments to public housing authorities in excess of the level otherwise provided for under the performance funding system [PFS] to address the dramatic increase in insurance premiums currently being experienced. These special payments will be made upon application by the affected PHA's at the discretion of the Secretary.

Insurance cost estimates for fiscal year 1986 now significantly exceed the $41,000,000 that was included in the PFS base as reflected in the President's budget estimate. Since the start of this calandar year, PHA's that have renewed their property and casualty insurance policies have confronted premium increases averaging 400 percent. In some cases the premium increases have grossly exceeded this average and instances of tenfold increases are not uncommon. In several instances, PHA's have discovered that insurance coverage is unavailable at any price.

Estimates of the total cost of insurance for PHA's range between $100,000,000 to $150,000,000 in excess of the budget request. In view of the constrained budget the Committee cannot recommend that the full cost of such insurance premiums be covered in the bill. Indeed, the Committee is very concerned that while some premium increases seem warranted, there appears to be cases where the premiums demanded far exceed what could be justified based on loss experience. It is the Committee's intent that these additional funds be provided only for that portion of premium increases that are reasonable and justifiable. Furthermore, since the recommended $50,000,000 appropriations for this purpose will address only one-half to one-third of the overall premium increases being experienced by the PHA's, the Committee expects the Department to formulate a fair and equidable allocation scheme in the use of these funds.

The Committee strongly urges and directs the Department to better assess the extent and nature of the rapidly escalating insurance costs of housing authorities, and to explore a long-term solution to this serious problem. The limited reach of the recommended $50,000,000 should be viewed as a interim stop-gap mechanism to address only the most im-

mediate PHA needs while the Department, the authorizing committees of the Congress, and the public housing authorities work out a comprehensive solution to this issue.

The problem of rapidly increasing insurance premiums highlight an underlying concern over the adequacy of the PFS mechanism in fully and fairly reflecting the actual cost of operating public housing. The base upon which current operating subsidies are computed are those cost incurred by housing authorities nearly 10 years ago. Since that time many aspects of public housing operations have changed giving rise to distortions in addressing the real operational costs of PHA's today.

The Committee believes that the performance funding system currently in use is fundamentally sound, and represents a far more rational basis upon which to determine Federal assistance for public housing operations than any other alternative. It is the Committee's view, however, that improvements can and should be made in adjusting and updating the base for these subsidies. The Committee recognizes that such a revision should be on a comprehensive basis to fully take into account cost structure reductions as well as increases. The Committee, therefore, does not concur with the House directive that the Department should immediately institute an appeals process which may not reflect all cost shifts.

The Committee, as noted above, continues to strongly support the basic soundness of the PFS approach in computing public housing operating subsidy requirements. The Committee further remains committed to fully funding allowable costs that are determined under the PFS. Considerable uncertainties exist in the budget estimates for fiscal year 1986, including energy costs, tenant rent rebates, tenant income assumptions, and other significant factors which underlie actual PHA subsidies. The Committee, therefore, directs the Department to keep Congress fully advised as to potential requirements under PFS which exceed the actual appropriation for this account and to promptly submit a supplemental request should additional sums be required.

The Committee is concerned over a proposal of the Department to withhold that portion of PHA operating subsidies which are estimated as the reserve of the authority. The Committee understands that HUD would disburse these sums only upon application by a PHA that actual use of reserve funds would be required. In effect, the Federal Government would become a custodian for these reserve funds. While the Committee appreciates the budgetary advantages that this policy may have, it does appear to represent a serious and untoward intrusion into the management of local housing authorities. Furthermore, the Committee is concerned over the difficulties this policy may impose on local PHA's in terms of delays in necessary disbursements and in additional administrative burdens. The Committee, therefore, directs the Department to defer implementation of the reserve fund withholding portion of its direct disbursement proposal until the Congress has a full opportunity to review its advisability.

HOUSING COUNSELING ASSISTANCE

1985 appropriation	$3,500,000
1986 budget estimate	
House allowance	4,000,000
Committee recommendation	3,500,000

Under section 106(a) of the Housing and Urban Development Act of 1968, as amended, the Department has been authorized to contract with public and private agencies to provide counseling and advice to tenants and homeowners with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and in meeting the responsibilities of tenancy or homeownership.

No appropriation is requested for 1986 by the Department. However, the Department will continue to certify and/or recertify local public and private nonprofit agencies that provide HUD-approved housing counseling assistance.

COMMITTEE RECOMMENDATION

The Committee recommends $3,500,000 for housing counseling assistance. This is the same as the fiscal year 1985 level. The Committee recommendation deletes $500,000 from the House allowance which would increase this activity over current levels. The administration proposed termination of the program and in view of extreme fiscal constraints, the Committee believes expansion of this program should be deferred.

TROUBLED PROJECTS OPERATING SUBSIDY

PROGRAM DESCRIPTION

The Secretary provides payments to owners of certain HUD-insured or HUD-held financially troubled multifamily subsidized housing projects in order to prevent potential losses to the FHA fund resulting from project insolvency and to preserve these projects as a viable source of housing for low- and moderate-income tenants. These payments are designed to fund deferred maintenance and replacement reserves, and operating deficits where owners can demonstrate to the Department that projects are well managed or that improvements in management will be made, allowing the projects to become self-sustaining.

Projects eligible for flexible subsidy assistance include those which are subsidized under the section 236, section 221(d)(3) below market interest rate and rent supplement programs, and have mortgages insured or held by the Department. Non-HUD-insured projects developed by State agencies and receiving assistance under one of the aforementioned programs also are eligible.

During 1986, the Department plans to fund activities through the use of excess rental income from the rental housing assistance fund. No additional appropriation is requested to support planned 1986 activity.

COMMITTEE RECOMMENDATION

The budget does not propose an appropriation for this program in 1986. However, requested language has been included to make available funds from unobligated balances of excess rental charges and collections. In addition, language making noninsured State projects eligible for subsidy is continued for fiscal year 1986.

FEDERAL HOUSING ADMINISTRATION FUND

1985 appropriation	$387,683,000
1986 budget estimate	239,762,000
House allowance	239,762,000
Committee recommendation	239,762,000

The Federal Housing Administration fund covers the mortgage and loan insurance activities of about 40 HUD mortgage/loan insurance programs, including coinsurance, which are grouped into the Mutual Mortgage Insurance Fund, Cooperative Management Housing Insurance Fund, General Insurance Fund, and the Special Risk Insurance Fund.

The appropriation reimburses the FHA fund for losses sustained by the Special Risk Insurance Fund and the General Insurance Fund. These losses are largely attributable to the sale of HUD-acquired properties and the liquidation of assigned mortgages. The General Insurance Fund provides for a large number of specialized mortgage insurance programs, including the insurance of loans for property improvements as well as for cooperatives, condominiums, housing for the elderly, land development, group practice medical facilities, and nonprofit hospitals. The Special Risk Insurance Fund provides mortgage insurance on behalf of mortgagors eligible for interest reduction payments who otherwise would not be eligible for mortgage insurance; insurance on mortgages covering experimental housing where strict adherence to State or local building regulations is not observed; and insurance for high-risk mortgagors who normally would not be eligible for mortgage insurance.

The administration intends to implement the Temporary Mortgage Assistance Payments Program [TMAP], designed to prevent precipitous foreclosure by helping insured homeowners who have experienced temporary financial difficulties and cannot make their full monthly mortgage payments. This program is being viewed by the administration as a practical alternative to the current Home Mortgage Assignment Program. Under the TMAP Program, HUD would make monthly payments on behalf of single family mortgagors who are at least 3 months in arrears as a result of economic reversals which temporarily prevent the mortgagors from making up their delinquency.

The 1986 budget also proposes a direct loan limitation of $89,222,000 for initial direct loan assistance for an estimated 5,130 homeowners and extended assistances to an additional 435 homeowners in 1986 under the TMAP Program.

COMMITTEE RECOMMENDATION

The Committee recommends $239,762,000 to fund unrestored losses to the Federal Housing Administration Fund. These losses were incurred in 1983 from the liquidation of assigned mortgages and the sale of HUD-owned properties. This is the same level contained in the budget estimate and the House allowance.

The Committee recommends an increase of $9,100,000,000 in the limitation for gross mortgage and loan insurance commitments during fiscal year 1986. The level proposed by the administration of $50,900,000,000 has remained unchanged for several years and has substantially exceeded actual program demand due to high interest rates and low mortgage demand.

Actual program activity beginning early in this calendar year has far outstripped previous estimates and are approaching the fiscal year 1985 limitation. The Committee recommended an increase in the administrative funding for the FHA program in the fiscal year 1985 supplemental appropriations bill to better cope with this surge in loan guarantee applications. Similarly, the Committee is recommending additional funds under the HUD salaries and expenses heading for fiscal year 1986 to match higher program demand.

The Committee directs the Department to closely monitor both FHA and GNMA program performance during fiscal year 1986 to assure the limitations provided for these programs do not obstruct the housing recovery.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES

(LIMITATION ON GUARANTEED LOAN)

1985 limitation	$68,250,000,000
1986 budget estimate	68,250,000,000
House allowance	68,250,000,000
Committee recommendation	68,250,000,000

The Government National Mortgage Association [GNMA] through the Mortgage-Backed Securities Program, guarantees privately issued securities backed by pools of mortgages. GNMA is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development. Its powers are prescribed generally by title III of the National Housing Act, as amended. GNMA is authorized by section 306(g) of the act to guarantee the timely payment of principal and interest on securities that are based on and backed by a trust or pool composed of mortgages that are guaranteed by the Federal Housing Administration, the Farmers Home Administration, or the Veterans' Administration. GNMA's guarantee of mortgage-backed securities is backed by a full faith and credit of the United States.

The proposed commitment level of $68,250,000,000 for fiscal year 1986 reflects no change from the estimated 1985 commitment level.

In July 1983, GNMA initiated the GNMA II Program in an effort to bring state-of-the-art technology into the existing program. GNMA II provides issuers with the ability to mix loans with different interest rates in the same pool. This is especially important during periods of rapidly changing interest rates. Moreover, this initiative reduces the cost of securities administration by eliminating the requirement for lenders to make individual monthly payments to certificate holders through the use of a central paying agent.

COMMITTEE RECOMMENDATION

The Committee recommends a GNMA limitation on guaranteed loans of $68,250,000,000 in fiscal year 1986. This is the same as the budget request and the House allowance.

The Committee is concerned that as FHA and VA loan guarantee activity increases, additional requirements for secondary market sales can be expected. Should the current surge in new mortgage demand continue, an increase in the GNMA limitation may well be required.

Solar Energy and Energy Conservation Bank

ASSISTANCE FOR SOLAR AND CONSERVATION IMPROVEMENTS

1985 appropriation	$15,000,000
1986 budget estimate	
House allowance	20,000,000
Committee recommendation	

The Solar Energy and Energy Conservation Bank was established by title V of the Energy Security Act of 1980 to encourage energy conservation and the use of solar energy to reduce the Nation's dependence on foreign sources of energy supplies. The Bank's Financial Assistance Program provides: (1) loan subsidies and matching grants for energy conservation in one- to four-family and multifamily residential buildings completed prior to 1980; (2) loan subsidies for energy conservation in commercial and agricultural buildings completed prior to 1980 with nonprofit owners; and (3) loan subsidies for passive and active solar energy systems in existing and newly constructed one- to four-family and multifamily residential buildings and commercial and agricultural buildings with nonprofit owners.

The Department proposes that no additional budget authority be enacted for the Bank in 1986.

COMMITTEE RECOMMENDATION

The Committee does not recommend any new funding for the Solar Energy and Energy Conservation Bank during fiscal year 1986. The Committee in the past has been concerned over the large unutilized balances in this program. While it appears that the Department is achieving greater success in its efforts to apply these resources, the Committee notes that the substantial additional resources are being provided under the Energy Conservation Program of the Department of

Energy through the application of settlements in court cases involving illegal overcharges resulting from petroleum pricing and allocation violations under the Emergency Petroleum Act of 1973.

Community Planning and Development

COMMUNITY DEVELOPMENT GRANTS

1985 appropriation	$3,472,000,000
1986 budget estimate	3,124,800,000
House allowance	3,124,800,000
Committee recommendation	3,124,800,000

Under title I of the Housing and Community Development Act of 1974, as amended, the Department is authorized to award block grants to units of general local government and States for the funding of local community development programs. The community development grants finance activities previously eligible under separate categorical grant programs. Spending priorities are determined at the local level, but the law enumerates general objectives which the block grants are designed to fulfill, including adequate housing, a suitable living environment and expanded economic opportunities for lower-income groups. Grant recipients are required to estimate their low-income housing needs and address them in the overall community development plan they submit to receive their grant.

The Housing and Community Development Act of 1977 changed the original single statutory formula for distributing grant funds to eligible recipients, in recognition that the original formula did not adequately assess the relative needs of older urban centers. Under provisions of the 1977 act, funds are distributed to eligible recipients for community development purposes utilizing the higher of two objective formulas, one of which gives somewhat greater weight to the age of housing stock.

The Housing and Community Development Amendments of 1981 include a scaled-down Secretary's Discretionary Fund, an entitlement program for large cities and urban counties, a Block Grant (nonentitlement) Program for the States to assist their smaller localities, and a revised method of fund distribution. Beginning in 1982, funds appropriated have been distributed 70 percent to entitlement communities and 30 percent to nonentitlement communities after deducting a designated amount for the Secretary's Discretionary Fund.

The Housing and Urban-Rural Recovery Act of 1983 further amended the Housing and Community Development Act of 1974 to require States and entitlement communities to use at least 51 percent of their community development block grant funds for activities that benefit low- and moderate-income persons. This act also amended the 1974 act by providing that any State electing to administer the nonentitlement (small cities) program in fiscal year 1985, or thereafter, shall be considered to have assumed this responsibility permanently; and, if it fails to provide an annual submission, funds will be reallocated among all States in the succeeding year.

The budget proposes discontinuing the Section 108 Loan Guarantee Program in 1986. A commitment limitation of $225,000,000 was available for this program in 1985. The budget also proposes elimination of the present authority which allows grantees to draw down in a lump sum their total grant amount for rehabilitation activities before the funds are needed.

COMMITTEE RECOMMENDATION

The Committee recommends $3,124,800,000 for the Community Development Block Grant Program. This is the same amount as contained in the budget request and the House allowance. The Committee further recommends continuation of the section 108 Loan Guarantee Program at the current level of $225,000,000.

The Committee does not concur with the House recommendation to reduce the Secretary's discretionary fund portion of this account by 10 percent. The administration has utilized these resources in a prudent and effective manner to target limited financial and technical assistance to areas of special need. This fund represents a very small but valuable mechanism for the Department to respond quickly and effectively in unusual or unanticipated circumstances. The Committee expects the Department to continue to fully advise and report on its plans to utilize these funds.

The Committee expects that the Department will target a portion of the Secretary's discretionary allocation to fund the special projects account for infrastructure purposes.

URBAN DEVELOPMENT ACTION GRANTS

1985 appropriation	$440,000,000
1986 budget estimate	
House allowance	330,000,000
Committee recommendation	352,000,000

Under section 119 of the Housing and Community Development Act of 1974, as amended, the Department is authorized to award urban development action grants [UDAG]. The Housing and Community Development Amendments of 1981 include a revised Action Grant Program which relies on increased local flexibility and minimizes Federal involvement.

The primary objective of UDAG is to revitalize distressed communities by stimulating economic development, which in turn will create new permanent jobs and new sources of tax revenue. Grants assist severely distressed cities, towns, and urban counties in the revitalization of their economic bases and the reclamation of deteriorated neighborhoods.

Under provisions of the Housing and Community Development Amendments of 1979 assistance may be provided also for economic development and neighborhood revitalization projects targeted to severely distressed areas, or pockets of poverty in otherwise nondistressed communities. The Secretary is authorized to use up to 20 percent of the

UDAG funds appropriated for the purpose of making grants to eligible pockets of poverty jurisdictions.

A major focus of the UDAG Program, and one that tends to distinguish it from other urban aid programs, is the requirement that leveraging of private investment in discrete projects in distressed cities and urban counties must be in evidence before UDAG funding is approved.

The Department proposes termination of the Urban Development Action Grant Program at the end of 1985. Community development block grant funds would continue to be available, at the recipient's discretion, the assist economic development efforts.

COMMITTEE RECOMMENDATION

The Committee recommends $352,000,000 for the UDAG Program. This is a reduction of 20 percent from the fiscal year 1985 appropriation and $22,000,000 more than the House allowance. No funds were requested for this program by the administration.

REHABILITATION LOAN FUND

PROGRAM DESCRIPTION

Section 312 of the Housing Act of 1964, as amended, authorizes the Secretary to make loans for the rehabilitation of single family and multifamily residential properties and nonresidential properties in federally aided community development grant, urban homesteading, urban renewal and code enforcement areas certified by local governments. The Housing and Urban-Rural Recovery Act of 1983 (Public Law 98–181) prohibits funding priority based on (1) type of dwelling unit, or (2) the receipt of assistance for housing or community development, other than assistance for local homesteading programs. Because of these prohibitions, the use of loans for multifamily, single family, and nonresidential properties is at the discretion of participating localities. Section 312 assistance is available only when financing cannot be obtained, on comparable terms and conditions, from other sources. In most cases, the rehabilitation work must make the property conform to applicable rehabilitation standards established by the community.

In 1985, the Department has indicated it intends to charge a minimum interest rate of 3 percent for low-income families and a floating interest rate for all other loans. This latter rate is computed by using the rates published in the press on the day the loans are approved. The Department also intends to charge section 312 loan applicants an application fee which would be credited to the fund and then transferred to the "Salaries and expenses" account where it would cover administrative expenses associated with the program. Also proposed is a risk fee of 1 percent for each loan. The amount is in addition to the basic interest rate charged the borrower. The risk fee is being charged to compensate for losses in the program. The funds collected from the risk fee would be credited to the section 312 account.

The Department proposes to terminate the Rehabilitation Loan Program at the end of fiscal year 1985.

COMMITTEE RECOMMENDATION

The Committee recommends the continuation of this program during fiscal year 1986. An estimated $81,000,000 from repayments and other income sources will be available in 1986 for new loans and other expenses, allowing a loan level of about $70,000,000.

The Committee recognizes that over the past few years there has been a concerted effort in the development and stabilization of our urban communities. Loans available through this program yield a significant return on very modest levels of Federal assistance. As discussed elsewhere in the report, the Section 312 Program can be effectively combined with other HUD programs to serve important community goals.

It is the Committee's understanding that $1,000,000 of the fiscal year 1985 section 312 available funding was tentatively allocated to the Lower East Side urban homesteading project in Manhattan, NY. It further is the Committee's understanding that the viability of this project was dependent on the availability of an additional $1,000,000 for technical assistance through the Secretary's discretionary fund under the CDBG Program. Emergency needs to this latter account precluded funding of the project in fiscal year 1985 and as a consequence, the initial allocation of section 312 assistance has been jeopardized since it cannot be utilized in this fiscal year.

The Committee, therefore, directs that priority consideration be given to both elements necessary to proceed with this project within the amounts provided for in fiscal year 1986.

URBAN HOMESTEADING

1985 appropriation	$12,000,000
1986 budget estimate	12,000,000
House allowance	12,000,000
Committee recommendation	12,000,000

Section 810 of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to transfer, without payment, to a unit of general local government, State or public agency, any HUD-owned, unoccupied, one- to four-family residences for use in an approved Urban Homesteading Program.

In addition, section 810 authorizes the Administrator of Veterans Affairs and the Secretary of Agriculture to transfer their unoccupied, one- to four-family residences for use in HUD-approved urban homesteading programs.

The funds appropriated for urban homesteading will reimburse the Federal Housing Administration fund for HUD-owned properties, the Administrator of Veterans Affairs for Veterans' Administration [VA] properties, and the Secretary of Agriculture for Farmers Home Administration [FmHA] properties used by approved homesteading localities.

COMMITTEE RECOMMENDATION

The Committee recommends $12,000,000 for the Urban Homesteading Program. This will permit the transfer of 827 single family properties in 1986, which includes VA and FmHA properties.

Policy Development and Research

RESEARCH AND TECHNOLOGY

1985 appropriation	$16,900,000
1986 budget estimate	18,900,000
House allowance	16,900,000
Committee recommendation	18,900,000

Title V of the Housing and Urban Development Act of 1970, as amended, directs the Secretary of the Department of Housing and Urban Development to undertake programs of research, studies, testing, and demonstrations related to the Department's mission. These functions are carried out through grants to and contracts with industry, nonprofit research organizations, educational institutions, and through agreements with State and local governments and other Federal agencies. The Research Program serves as a focal point for research, analysis, data collection, and dissemination of concerns and issues related to the major programs and objectives of the Department.

In 1986, the Research and Technology Program will provide analytic support to the Department's effort to improve the operation of its programs. Particular areas of study will include: (1) analysis of sources of housing finance and the effects of various Federal, State, and local initiatives on the continuing availability and cost of mortgage credit; (2) analysis of the impact of proposed tax and budgetary policy changes on housing and housing markets; (3) initiatives to improve public housing through development of direct management improvements for PHA's and through improving the quality of life in public housing and the urban environment; (4) evaluation of new approaches to housing assistance to the neediest; (5) activities to increase the efficiency and effectiveness of current assisted and public housing programs; (6) identification of new building technology and regulatory strategies to help make housing more affordable; and (7) analysis of current activities to promote fair housing and prevent discrimination, and identification of new strategies to improve the Department's fair housing conciliation efforts.

COMMITTEE RECOMMENDATION

The Committee recommends $18,900,000 for this account. This is the same amount as the budget request and $2,000,000 more than the House allowance.

Fair Housing and Equal Opportunity

FAIR HOUSING ASSISTANCE

1985 appropriation	$6,700,000
1986 budget estimate	5,000,000
House allowance	6,700,000
Committee recommendation	6,700,000

The Fair Housing Assistance Program helps State and local agencies to implement title VIII of the Civil Rights Act of 1968, which prohibits discrimination in the sale, rental, and financing of housing and in the provision of brokerage services. The major objective of the program is to assure prompt and effective processing of title VIII complaints with appropriate remedies for complaints by State and local fair housing agencies. The program also provides assistance to community housing resource boards, which enhance the ability of the Department to carry out its Voluntary Compliance and Enforcement Program. The community housing resource boards consist of representatives of community organizations throughout a metropolitan area and serve in an advisory capacity to the housing industry, reviewing the progress and effectiveness of voluntary compliance and enforcement agreements.

COMMITTEE RECOMMENDATION

The Committee recommends $6,700,000 for this activity in fiscal year 1986. This includes $4,700,000 in grants to support State and local fair housing agencies for capacity building, training, and complaint processing and monitoring. In addition, $2,000,000 is provided to support community housing resource boards.

FAIR HOUSING INITIATIVES

The administration has proposed a new Fair Housing Initiatives Program requiring authorizing legislation. It would complement the Department's Fair Housing Assistance Program by providing a comprehensive and coordinated approach to obtain better enforcement of fair housing laws and to assist outreach and education efforts which provide information concerning rights and obligations under these laws. The program would have three components. The first is the administrative enforcement and compliance component which has the major objective of encouraging innovative enforcement and compliance activities by Government agencies which administer fair housing laws substantially equivalent to the Federal statute. The second is the education and outreach component which will provide funding to institutions of higher education, the housing industry, private fair housing agencies and other public and private entities. Those recipients will then be better able to inform and reach out to individuals and groups who are currently either unaware of their fair housing rights or unaware of the means to redress their grievances. The third component is private enforcement which will be aimed at more direct involvement of private agencies, civil rights organizations, and local fair housing groups in the administrative and judicial enforcement of fair housing laws.

COMMITTEE RECOMMENDATION

Pending enactment of the required authorizing legislation, the Committee has deferred consideration of the $10,000,000 requested for this new program. An additional $1,700,000 over the request for the existing Fair Housing Assistance Program is recommended to maintain these activities at current levels.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

	Appropriation	*FHA funds (by transfer)*
1985 appropriation	$295,235,000	($282,085,000)
1986 budget estimate	324,027,000	(233,204,000)
House allowance	341,427,000	(251,404,000)
Committee recommendation	337,320,000	(254,366,000)

The appropriation proposed by the Committee would finance all salaries and related expenses associated with administering the programs of the Department of Housing and Urban Development, including the following activities:

1. *Housing and mortgage credit programs.*—This activity includes staff salaries and related expenses associated with administering housing programs, the implementation of consumer protection activities in the areas of interstate land sales, mobile home construction and safety, and real estate settlement procedures.

2. *Community planning and development programs.*—Funds in this activity are for staff salaries and expenses necessary to administer community planning and development programs.

3. *Equal opportunity and research programs.*—This activity includes salaries and related expenses associated with implementing equal opportunity programs in housing and employment as required by law and executive orders and the administration of research programs and demonstrations.

4. *Departmental management, legal and audit services.*—This activity includes a variety of general functions required for the Department's overall administration and management. These include the Office of the Secretary, Office of General Counsel, and the Office of Inspector General as well as administrative support in such areas as accounting, personnel management, contracting and procurement, and office services.

5. *Field direction and administration.*—This activity includes salaries and expenses for the regional administrators, area office managers, and their staffs who are responsible for the direction, supervision, and performance of the Department's field offices, as well as administration support in areas such as accounting, personnel management, contracting and procurement, and office services.

COMMITTEE RECOMMENDATION

The Committee recommends $337,320,000, in direct appropriations plus $254,366,000 from various funds of the Federal Housing Administration, for salaries and expenses of the Department of Housing and Urban Development in 1986. This amount, together with an estimated $9,437,000 in transfers from other sources, will provide a total of $601,123,000 for management of HUD. The Department estimates this level of funding will support 12,573 staff years including sums necessary for travel and other object class expenditure requirements.

Within the funds available, the Committee directs the Department to provide $1,000,000 to the Housing Assistance Council. This amount is the same amount earmarked in fiscal year 1985. The council is a nonprofit organization which attempts to improve housing credit availability and sanitation facilities in rural areas. The Committee strongly supports continued funding of the council as it represents one of HUD's few rural oriented efforts.

STAFF YEARS

	Estimate 1985	Budget 1986	1986 House allowance	1986 recommendation	Difference (+ or -)
Housing programs	5,117	4,797	5,412	5,412	
Public and Indian housing	1,127	1,113	1,269	1,140	-129
GNMA	54	54	54	54	
SEECB	6	4	6	4	-2
CPD	1,254	1,115	1,238	1,238	
PD&R	158	160	158	160	+2
FHED	579	596	596	596	
Departmental management	151	150	136	150	+14
Office of General Counsel	232	225	228	228	
Field legal services	273	271	271	271	
Office of Inspector General	500	487	500	500	
Administration	1,411	1,329	1,329	1,406	+77
Field direction and operational support	609	569	586	586	
Field administration	883	793	828	828	
Total	12,354	11,663	12,611	12,573	-38

The Committee reaffirms its directive contained in Senate Report 99–82 accompanying the Supplemental Appropriations Act for Fiscal Year 1985 (H.R. 2577) directing the Department to provide the Committee details of any plan for implementing a reorganization of regional/field office structures and functions, along with pertinent cost-benefit analysis, no later than 30 days prior to the date on which the Department would be required to publish its analysis in the Federal Register.

The Committee understands that the Department recently reversed its decision to reorganize and reduce the number of its regional offices. This decision may have significant impact on administrative requirements and the Committee, therefore, directs the Department to report on such changes early in fiscal year 1986.

The Committee does not concur with the House recommendation drastically reducing the size of the HUD Office of Public Affairs. While reductions in this office are expected, the Committee feels that these

actions should be limited to attrition and outplacements, not including reductions in force as would be necessary under the House level.

The Committee is concerned over the adequacy of departmental guidelines in defining administrative costs associated with FHA activities. The annual transfer from the FHA fund to the HUD "Salaries and expenses" account represents an estimate of these administrative costs, but does not cover program related expenses of FHA operations. Delineation between these program costs and administrative costs has been blurred at best, and in certain instances has yielded inconsistent classifications. For example, certain computer support costs in loan processing are included within the transfer to salaries and expenses while others are paid directly out of the FHA fund. The Committee expects the Department to make a concerted effort to better define administrative and programmatic costs of FHA to allow for better budgetary control of these expenditures.

TITLE II—INDEPENDENT AGENCIES

American Battle Monuments Commission

SALARIES AND EXPENSES

1985 appropriation	$11,065,000
1986 budget estimate	11,004,000
House allowance	10,954,000
Committee recommendation	10,954,000

The Committee recommends an appropriation of $10,954,000 for the salaries and expenses of the American Battle Monuments Commission. This is $50,000 less than the budget estimate and the same as the House allowance.

PROGRAM DESCRIPTION

The American Battle Monuments Commission is responsible for the maintenance and construction of U.S. monuments and memorials commemorating the achievements in battle of our Armed Forces since April 6, 1917; for controlling the erection of monuments and markers by U.S. citizens and organizations in foreign countries; and for the design, construction, and maintenance of permanent military cemetery memorials in foreign countries. The Commission maintains 24 military cemetery memorials on foreign soil; 14 monuments and memorials not a part of the cemeteries; and 2 bronze tablets. In addition, the Commission administers four large memorials on U.S. soil.

COMMITTEE RECOMMENDATION

The Committee recommends $10,954,000 for the American Battle Monuments Commission. This is $50,000 less than the budget request and the same as the House allowance.

These funds are sufficient to administer, operate, and maintain the American Battle Monuments Commission's military cemeteries, monuments, and memorials throughout the world. This amount will support 387 positions in fiscal year 1986.

Consumer Product Safety Commission

SALARIES AND EXPENSES

1985 appropriation	$36,000,000
1986 budget estimate	34,575,000
House allowance	37,000,000
Committee recommendation	34,900,000

The Committee recommends an appropriation of $34,900,000 for the salaries and expenses of the Consumer Product Safety Commission.

This is $325,000 more than the budget estimate and $2,100,000 less than the House allowance.

PROGRAM DESCRIPTION

The Commission is an independent regulatory agency that was established on May 14, 1973, and is responsible for protecting the public against unreasonable risks of injury from consumer products; assisting consumers to evaluate the comparative safety of consumer products; developing uniform safety standards for consumer products and minimizing conflicting State and local regulations; and promoting research and investigation into the causes and prevention of product-related deaths, illnesses, and injuries.

In carrying out its mandate, the Commission establishes mandatory product safety standards, where appropriate, to reduce the unreasonable risk of injury to consumers from consumer products; helps industry develop voluntary safety standards; bans unsafe products if it finds that a safety standard is not feasible; monitors recalls of defective products; informs and educates consumers about product hazards; conducts research and develops test methods; collects and publishes injury and hazard data, and promotes uniform product regulations by governmental units.

The 1981 amendments to the Consumer Product Safety Act [CPSA] require the Commission to analyze costs and benefits of proposed rules, consider the protection afforded by existing voluntary standards and voluntary standards which could be developed and examine all reasonable alternatives to mandatory requirements before proposing standards and major regulations, and again before issuing any such rule on a final basis.

To meet its obligations under the Consumer Product Safety Act and the other legislative mandates listed above, the Commission has developed the following set of programs which address specific product hazards: emerging hazards; fire and thermal burn hazards; electrical hazards; chemical hazards; children's and recreational product hazards; power equipment hazards; and mechanical hazards involving household and structural products.

COMMITTEE RECOMMENDATION

The Committee recommends $34,900,000 for the activities of the Consumer Product Safety Commission [CPSC]. This is $325,000 more than the budget request and $2,100,000 less than the House allowance.

The Committee directs CPSC not to reorganize the agency until the ongoing management study is completed.

The Committee has provided the initial funding for the Cigarette Safety Committee studies. The Committee notes that no money was requested for the studies in the budget request in fiscal year 1986 or in earlier budget requests. No details have been provided the Committee on the use of the cigarette safety funds. The Committee will permit the agency, at its discretion, to spend up to $1,000,000 in fiscal year 1986

for the cigarette safety study provided the agency deems it to be of significant enough import to take it out of the funding for ongoing agency programs.

The Committee is providing CPSC $200,000 above the request to intensify the agency investigations into chain saw safety, particularly as regards developing remedies to the loss of control and pinch kickback problems. The funds are directed to address the problem in a more timely manner than planned in the CPSC budget justification.

The Committee is providing an additional $125,000 above the budget request to replace obsolete equipment at the CPSC Gaithersburg laboratory with current technology equipment.

The Committee directs CPSC to perform a review of the practices of other Federal agencies in charging recipients for information provided under the Freedom of Information Act. The Committee expects CPSC to provide this information, together with a recommendation for the proper level of CPSC fees, in a brief report to be submitted prior to March 1986.

Department of Defense—Civil

Cemeterial Expenses, Army

SALARIES AND EXPENSES

1985 appropriation	$7,759,000
1986 budget estimate	14,932,000
House allowance	7,759,000
Committee recommendation	14,778,000

The Committee recommends an appropriation of $14,778,000 for the cemeterial expenses of the Department of the Army. This is $154,000 less than the budget estimate and $7,019,000 more than the House allowance.

PROGRAM DESCRIPTION

Responsibility for the operation of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery is vested in the Secretary of the Army. As of September 30, 1984, Arlington and Soldiers' and Airmen's Home National Cemeteries contained the remains of 208,100 persons and comprised a total of approximately 628 acres. There were 2,827 interments and 911 inurnments in fiscal year 1984; 2,980 interments and 920 inurnments are estimated for the current fiscal year; and 3,010 interments and 930 inurnments for fiscal year 1986. During fiscal year 1986 construction of a permanent visitors center building, will be undertaken at Arlington National Cemetery.

COMMITTEE RECOMMENDATION

The Committee recommends $14,778,000 for Army cemeterial expenses. This is $154,000 less than the budget request and $7,019,000 more than the House allowance. Funding for the construction of a permanent visitors center at Arlington National Cemetery is included.

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ENVIRONMENTAL PROTECTION AGENCY

1985 appropriation	$4,385,775,000
1986 budget estimate	4,683,316,000
House allowance	1,496,176,000
Committee recommendation	1,499,726,000

The Committee recommends an appropriation of $1,499,726,000 for EPA's programs in fiscal year 1986 with the exception of the Superfund and the waste water construction grants programs for which consideration of appropriations has been deferred. This amount is $3,183,590,000 less than the budget estimate and $3,550,000 more than the House allowance.

GENERAL DESCRIPTION

The Environmental Protection Agency [EPA] was created through an executive reorganization plan—Reorganization Plan No. 3 of 1970—designed to consolidate certain Federal Government environmental activities into a single agency. The plan was submitted by the President to the Congress on July 8, 1970 and the Agency was established as an independent agency in the executive branch on December 2, 1970 by consolidating 15 components from 5 departments and independent agencies.

A description of EPA's pollution control programs by media follows:

Air.—The Clean Air Act authorizes a national program of air pollution research, regulation, and enforcement activities. Under the act, primary responsibility for the prevention and control of air pollution at its sources rests with State and local government, with a strong mandate that the Environmental Protection Agency take action when States do not fulfill their responsibilities. EPA's role is to conduct research and development programs, insure that adequate standards and regulations are established to meet environmental goals set by the act, support State and local control activities, and insure that the standards and regulations are effectively enforced. The air program encompasses activities related to the development and implementation of air pollution control strategies and achievement of air quality standards.

Water quality.—The Clean Water Act, as amended in 1977 and 1981, provides the framework for protection of the Nation's waters. The law recognizes that it is the primary responsibility of the States to prevent, reduce, and eliminate water pollution. The States determine the desired uses for their waters, set standards, identify current uses, and, where uses are being impaired or threatened, develop plans for the protection or restoration of the designated use. They implement the plans through control programs such as permitting and enforcement, construction of municipal wastewater treatment works, and nonpoint source control practices.

The Marine Protection, Research, and Sanctuaries Act also forms a part of the framework to protect the Nation's waters. It authorizes the Agency to regulate ocean dumping through the development of regulations and criteria and through an Ocean Dumping Permit Program.

The Environmental Protection Agency has the role of establishing national regulations and guidelines to assure that the goals of the acts are met; conducting research and development on methods, procedures, and technologies for water pollution control; making grants to support State and local activities; and insuring that standards and regulations are enforced effectively.

Drinking water.—The purpose of the Drinking Water Program is to assure that the Nation's public drinking water is safe. In the time since a Federal role was established with the Safe Drinking Water Act of 1974, the number of community water systems that are regularly monitoring drinking water quality in conformance with consistent national regulations has increased fourfold. Compliance with the microbiological maximum contaminant level and with monitoring and reporting requirements has increased over the years, so that by the end of 1982 only 8 percent of the community systems were classified as persistent violators of these requirements.

The Drinking Water Program encompasses the following activities: (1) establishing national drinking water standards; (2) protecting underground sources of drinking water, particularly by controlling underground injection of wastes; (3) assisting the States in assuming primary responsibility for monitoring and enforcing compliance with national standards and regulations; and (4) directly implementing programs for public water system supervision and underground injection control in States that have not received primary enforcement responsibility.

Hazardous waste.—The Solid Waste Disposal Act, amended by the Resource Conservation and Recovery Act of 1976 [RCRA] established the first national program to protect public health and the environment from the damages caused by improper waste management practices, and mandated EPA to develop a regulatory program which will reduce risks from improper hazardous waste disposal practices. The act authorized a national program of hazardous waste research, regulation, implementation, enforcement, and financial assistance to support State implementation of this program. EPA's strategy for addressing these responsibilities under RCRA places emphasis on the implementation of a regulatory program for control of hazardous wastes and authorization of State programs to assume responsibility for control of hazardous wastes.

EPA's responsibilities and authorities to manage hazardous waste were greatly expanded under the Hazardous and Solid Waste Amendments of 1984. Not only does the potential universe of chemical wastes and facilities dealing with hazardous waste increase significantly, but past mismanagement practices, in particular prior releases at inactive hazardous and solid waste management units, must also be corrected and cleaned up.

Pesticides.—The objective of the Pesticide Program is to protect the public health and the environment from unreasonable pesticide risks while permitting the use of necessary pest control technologies. This objective is pursued by EPA through three principal means: (1) review of existing and new pesticide products; (2) enforcement of pesticide use

rules; and (3) research and development to reinforce the ability to evaluate the risks and benefits of pesticides.

Radiation.—The radiation programs' major emphasis is to minimize the exposure of persons to ionizing radiation, whether from naturally occurring sources, from medical or industrial applications or nuclear power sources. While some exposure to radiation is inevitable, EPA takes the position that no avoidable risk attributable to such exposure should occur to individuals or to the environment without offsetting benefits. EPA pursues this protective goal through three interdependent sets of activities; (1) development of criteria, standards, and guidelines; (2) assessment of the environmental impact of other Federal agency projects and programs; and (3) surveillance of radiation levels in the environment.

Toxic substances.—The Toxic Substances Control Act [TSCA] establishes a program to stimulate the development of adequate data on the effects of chemical substances on health and the environment, and institute control action for those chemicals which present an unreasonable risk of injury to health or the environment. The act's coverage is broad, affecting more than 60,000 chemicals currently in commerce and all new chemicals.

The major programs that the Agency must develop and implement to carry out the provisions of the act are those to: (1) require testing of chemicals and submission of reports of existing information by industry and review these and other data to determine chemical hazards; (2) review and act on new chemical and significant new use notifications by industry; (3) control the manufacturing, processing, distribution, use, and disposal of existing chemicals that pose unreasonable risks to health and the environment; (4) enforce these statutory and regulatory programs; (5) conduct research and development to support the implementation of the law; and (6) insure that all Agency programs dealing with toxic substances coordinate and integrate risk assessments, priority-settings and regulatory actions.

Interdisciplinary.—The interdisciplinary medium is designed to support programs where the problems, tools, and results are multidisciplinary in nature and must be coalesced into an integrated program. This integrated program encompasses the Agency's enforcement policy and litigation activities. This concept is also employed in the Agency's efforts to advance the state-of-the-art in the Agency's scientific capabilities and knowledge, to review other agencies' environmental impact statements [EIS's], to prepare new source EIS's, and to promote compliance of Federal activities with regulations for environmental pollution control.

Energy.—The primary objective of the Energy Research and Development Program is to insure that the Nation's energy production and utilization practices proceed in an environmentally acceptable manner. Satisfying this objective requires research and development activities in three distinct areas. These are: (1) developing the scientific data necessary to understand the phenomena of acid precipitation; (2) developing

the necessary environmental data base associated with new or emerging energy processes; and (3) developing the necessary performance, reliability, and cost data on the limestone injection multistage burner pollution control process.

Superfund.—The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [CERCLA] established a national program to protect public health and the environment from the threats posed by inactive hazardous waste sites and spills of hazardous substances. To achieve its objectives the EPA (1) provides short-term emergency response to clean up hazardous waste spills, (2) undertakes long-term cleanup of the Nation's most serious inactive or abandoned hazardous waste sites which are designated on the national priorities list, (3) compels responsible parties to directly undertake response actions whenever possible, and (4) seeks to recover moneys expended from the trust fund through enforcement actions.

The act created the $1,600,000,000 Hazardous Substance Response Trust Fund, commonly known as Superfund, to finance the cleanup and enforcement activities required under CERCLA. This fund is financed primarily by excise taxes levied on oil and chemical manufacturers, general fund appropriations, interest on investments, and cost recoveries. The 1986 budget request assumes reauthorization and expansion of the current taxing authority which expires on September 30, 1985.

SALARIES AND EXPENSES

1985 appropriation	$656,275,000
1986 budget estimate	670,416,000
House allowance	690,176,000
Committee recommendation	688,376,000

The Committee recommends an appropriation of $688,376,000. This amount is $17,960,000 more than the budget estimate and $1,800,000 less than the House allowance. The House had not received an additional request of $15,720,000 when it acted in Committee.

PROGRAM DESCRIPTION

The salaries and expenses appropriation supports all costs of administering EPA's programs, exclusive of grant programs and contractual agreements for specific programs. This account provides support for executive direction, management, and support for all Agency programs at headquarters and the 10 regional offices. In addition to personnel and administrative costs associated with abatement, control and compliance, research and development, and enforcement activities, the salaries and expenses appropriation supports the following functions:

1. *Program management.*—This activity covers the salaries and related expenses for the assistant administrators and immediate staffs in the Offices of Water; Air and Radiation; Pesticides and Toxic Substances; Solid Waste and Emergency Response; Research and Development; Enforcement and Compliance Monitoring; General Counsel; and External Affairs.

2. *Agency management.*—This activity supports agencywide policy direction and management activities, including the salaries and associated costs for: the immediate Office of the Administrator; the offices which report directly to the Administrator; the Inspector General; the Office of General Counsel; the Office of Administration and Resources Management; the Office of Policy, Planning, and Evaluation; and the headquarters components of External Affairs.

3. *Regional management.*—This activity supports the regional administrators, their immediate staffs and the staff offices reporting directly to them such as intergovernmental relations, public affairs, and civil rights. Regional management also includes the regions' central management functions: planning and analysis, budgeting, financial management, personnel management, and administrative services as well as the regional counsel.

4. *Program support.*—This activity supports operation of the laboratories of the Offices of Research and Development; Pesticides and Toxic Substances; and Air and Radiation. These costs consist mainly of laboratory and office services, utilities, building maintenance, and other housekeeping items.

5. *Agency support.*—This activity provides general office and building services and support for program operations at EPA headquarters, Research Triangle Park, and Cincinnati. Agency support also includes agencywide costs which are managed at headquarters and which support the needs of all Agency programs. Examples of such costs include facilities rent and ADP support.

6. *Regional support.*—This activity supports basic needs of the regions, including telephone service, guard services, printing and copying services, rental of office equipment, ADP equipment, and other office and building services.

COMMITTEE RECOMMENDATION

The Committee recommends $688,376,000 for EPA salaries and expenses. This is $17,960,000 above the budget request and $1,800,000 less than the House allowance. The recommended level of funding represents an increase of $32,101,000 over the fiscal year 1985 enacted level.

The Committee's recommendation reflects the following increases above the budget request.

The Committee has added $6,000,000 and 100 positions for RCRA regulations, permitting, and enforcement.

It has added $4,500,000 and 75 positions to support additional hazardous air pollution control activities. Of this amount, $2,000,000 is to be used for regulatory development of the eight hazardous air pollutants that the Administrator is expected to list for regulation this year. A total of $1,000,000 is added so that 20 tier 1 evaluations of hazardous air pollutants will be prepared in 1986. Between 200 and 300 hazardous air pollutants remain to be screened. In later years, this level of funding will permit the Administrator to make 10 additional listing decisions an-

nually, as called for in the program plan. The Committee has also added $600,000 so that the Agency can prepare two studies related to air pollution control. First, the Committee directs the Agency to design an epidemiological study which can detect significant changes in mortality or morbidity caused by current ambient standards pollutants. Second, the Committee directs that the Agency develop models for extrapolating health effects, for health effects other than cancer, from animals to man.

The Committee has added $3,500,000 and 60 positions for additional support of the Agency's enforcement efforts. It directs that $3,400,000 of that amount be used to reissue expired permits where changed conditions have occurred, and to refer cases to the Department of Justice where significant violations of the Clean Water Act have occurred and the violator has not responded positively to the issuance of an administrative order.

The Committee has also added $1,500,000 to upgrade the national emissions data system and for the preparation of an accurate inventory of industrial emissions related to acid rain.

Finally, the Committee has included $1,100,000 and 24 positions so that work on the six remaining new source performance standards [NSPS] will begin in 1986 rather than 1987 and $500,000 and 12 positions to prevent the Agency from falling behind in the NSPS reviews required by law. It has also added $90,000 to develop a statistically valid survey of whether pesticide label restrictions are being followed.

Information gathered by this Committee indicates that there is a shortage of regional EPA attorneys available to enforce existing environmental laws, especially the new corrective action requirements under the Resource Conservation and Recovery Act Amendments of 1984. The implementation of RCRA may generate more legal action than Superfund because of noncompliance and leaking sites.

Regional counsel are burdened by preparing the enforcement and legal action necessary to bring many regulated facilities now out of compliance with current statutes, into compliance. This has created a bottleneck of work within each EPA Office of Regional Counsel.

Therefore, the Committee encourages EPA to allocate a higher proportion of appropriated funds, than in past years, for additional attorneys within the EPA region's Office of Regional Counsel.

The Committee also directs GAO to report to Congress by February 1, 1986, with respect to current shortages and whether or not EPA has enough regional attorneys to enforce Superfund and non-Superfund statutes and to defend EPA against lawsuits.

RESEARCH AND DEVELOPMENT

1985 appropriation	$193,000,000
1986 budget estimate	212,400,000
House allowance	223,400,000
Committee recommendation	228,750,000

The Committee recommends an appropriation of $228,750,000 for EPA's Research and Development Program in fiscal year 1986. This

amount is $16,350,000 more than the budget estimate and $5,350,000 more than the House allowance.

PROGRAM DESCRIPTION

EPA's Research and Development Program is designed to produce the scientific knowledge and the tools for regulating, preventing, and abating pollution. The Agency's research and development efforts are conducted through grants, contracts, and agreements with universities, industries, other private commercial firms, nonprofit organizations, State and local government, and Federal agencies, as well as through work performed at EPA's laboratories and field stations.

The Research and Development Program encompasses activities such as research on the effects of pollutants on man, animals, aquatic life, plants, materials, and the general environment; research on the processes, such as dispersion, that affect pollution; the development of new and improved sampling and analytical methods and instruments for measuring pollutants; the development, evaluation, and assessment of new and improved technologies for preventing and controlling pollution; development of guidelines and research tools to improve the ability to perform risk assessments; and the development of scientific data necessary to understand the causes and effects of acid rain.

COMMITTEE RECOMMENDATION

The Committee has added $2,000,000 over the budget request for additional ground water and hazardous waste research, a reduction of $2,000,000 from the House allowance. The hazardous waste research budget has increased $8,400,000 above the 1985 level (16 percent), and the ground water research budget has increased by $3,000,000 (14 percent). The Committee does not believe that an additional increase above the $2,000,000 it has provided is prudent at this time.

The Committee has added $2,200,000 over the budget request, and $1,200,000 over the House allowance for the Great Lakes Program. The Committee recommends that $1,500,000 of the additional funds for the Great Lakes Program above last year's level be earmarked for toxic sediment removal studies at five sites identified by the International Joint Commission as failing to meet the requirements of the Water Quality Agreement for the Great Lakes.

The Environmental Protection Agency should begin biochemistry and engineering studies at the following sites in fiscal year 1986: Sheboygan, WI; Grand Calumet Harbor, IN; Ashtabula River, OH; Buffalo River, NY; and Saginaw Bay, MI.

Finally, the Committee has added $2,900,000 for the research and development cost of the two air pollution studies and hazardous air pollution screening programs as described in the section on salaries and expenses.

There is a significant knowledge gap in the understanding of human impacts on the Great Basin Desert ecosystem. The Great Basin Desert—occurring in Utah, Nevada, Idaho, and Oregon; but extending as

far north as southeastern Washington, and as far east as western Wyoming and eastern Utah—is one of the largest, relatively uniform geomorphic, climatic, and vegetation regions in the United States. Several of its characteristics combine to form a set of potential environmental problems unlike any others on the continent and are made more acute by the effects of rapidly growing populations.

The area's unique basin and range topography lacks any hydrologic outlets and thus acts as a large bathtub without a drain. Airborne pollutants, toxic ground water runoff, and other effects from human activities concentrate in the Great Basin.

The Committee believes there is an immediate need to develop an understanding of the movement and fate of airborne and waterborne substances in the Great Basin ecosystem, and the rate at which they are changing as a result of increasing human pressures.

A second characteristic of the area is a sparse vegetative mantle which is constrained by the arid to semiarid climate of the western desert. The influx on nonindigenous grasses have replaced native vegetation, the effects of which are not known.

The Committee, therefore, directs EPA to develop a comprehensive interdisciplinary research program to address the following areas: (1) The dynamics and ecology of the vegetation; (2) the ecology of the microphytic soil crust; (3) the hydrologic processes from the standpoint of the rates of surface material accumulation in the basins, or infiltration into the ground water, as functions of topography, soil type, and vegetation; (4) wind erosion of surface materials as a function of topography, soil type, and vegetation; (5) measures of the rate at which the vegetation is changing, and in consequence the changes in wind and water erosion patterns; (6) the sensitivity of plants and animals to anthopogenic toxicants; and (7) measures of ecosystem responses to toxicants.

This research effort is an important first step toward development of a comprehensive program of study to better understand environmental concerns impacting on this large multi-State region. The Committee expects the Agency to complete work on this initial study by July 1, 1986.

The Committee concurs with the House directive that EPA, in coordination with the Secretary of Agriculture, conduct a study of the use of fuel containing lead additives in gasoline engines used in agricultural machinery designed to combust fuel containing such additives.

The Committee encourages cooperative efforts by EPA with other Government agencies, States, private sector industry and university research programs in an effort to identify and demonstrate nonchemical methods of pest control which have the potential for replacing restricted or banned substances. The Committee has been advised of a joint industry-university proposal to develop a unique approach to pest control involving the use of lighting to alter the behavior of organisms within the Heliothis complex. EPA should work in consultation with USDA to consider providing a portion of the funding necessary to carry out a proposal to demonstrate the effectiveness of utilizing the special

electrical lighting to control this insect group (which includes tobacco budworms, pink cotton bollworms, as well as others) which has been suggested by GTE, the University of Georgia, and others.

The Committee recommendation includes an additional $7,000,000 for a demonstration project of anaerobic wastewater treatment at a pulpmill at Sitka, AK. The Committee understands that there are unique conditions which justify this expenditure. Among these conditions are the physical location of the mill which prevents the use of a landfill or burning of the waste without violation of State of Alaska air quality standards and the belief of officials at the Environmental Protection Agency that the demonstration of this project would have nationwide application for other pulpmills which also have difficulty meeting national standards without highly expensive conventional equipment modifications. The demonstration would show that anaerobic treatment is capable of handling chemically complex waste streams having large volumes of waste with minimal sludge production. The demonstration of the project would involve the installation of the largest anaerobic wastewater treatment plant in the United States. The Committee understands that the expenditure would be utilized to cover the capital costs of the project, including the manufacture, transportation, and installation of the treatment tank, as the Federal matching portion of the project and additional funds will be expended by the pulpmill for site preparation and utilities to provide its matching requirement. A provision requiring the funds to be expended within the United States is also included along with language requiring a determination by the Administrator that project meets existing statutory criteria relating to the new or improved nature of the method to be demonstrated as well as its industrywide applicability.

The Committee is aware of a proposed comprehensive health effects study of the Kanawha Valley in West Virginia and understands that much of the methodology and information gained from such a study could have generic applicability to other regions of the country that have high concentrations of chemical production facilities. Initial investigations have been proposed by a consortium including Harvard University School of Public Health, the National Institute for Chemical Studies, the West Virginia Department of Public Health, and various local universities and colleges. Consequently, $250,000 has been added for phase 1 of the comprehensive Kanawha Valley health effects study. Non-Federal cost sharing, in kind or cash, is expected; and it is understood that the study will be peer reviewed by the National Academy of Sciences and that organizations from other chemical producing regions of the country will have an opportunity to monitor the progress of the study.

The Committee also recommends an additional $1,000,000 for the final grant to the American Waterworks Association for research on water supply equipment. Henceforth, this research will be fully supported through membership assessments by the association's research foundation.

ABATEMENT, CONTROL, AND COMPLIANCE

1985 appropriation	$460,500,000
1986 budget estimate	495,500,000
House allowance	577,600,000
Committee recommendation	577,600,000

The Committee recommends an appropriation of $577,600,000 for abatement, control, and compliance activities. This amount is $82,100,000 more than the budget estimate and the same as the House allowance.

PROGRAM DESCRIPTION

The Agency's abatement and control effort includes the development of environmental standards; monitoring and surveillance of pollution conditions; grant support for State and local water quality pollution control planning; direct Federal pollution control planning; grant support for State, regional, and local pollution control programs; technical assistance to pollution control agencies and organizations; preparation of environmental impact statements; and assistance to Federal agencies in complying with environmental standards and insuring that their activities have minimal environmental impact.

The compliance activity at EPA—formerly called enforcement under the old appropriation account structure—encompasses the areas of air and water pollution control, drinking water, pesticides, hazardous waste, and toxic substances. A major part of the Agency's compliance effort involves support of, or cooperation with, State and local enforcement programs, such as enforcement of air quality standards, navigable and interstate water quality standards, issuance of pollution discharge permits, and issuance of hazardous waste permits and compliance monitoring. Notices of violation, abatement orders, enforcement conferences, civil and criminal court actions, and, in the case of pesticides, recalls and seizures, are used by the Agency as tools to implement its enforcement responsibilities.

COMMITTEE RECOMMENDATION

The Committee has included $50,000,000 for asbestos school abatement. This is the same level as the House allowance. The administration has again failed to request any funds for this program even though there appears to be a growing concensus that asbestos abatement is a high environmental priority and that the EPA program is being effectively administered. The Committee encourages the administration to include its recommendation for an appropriate funding level in its fiscal year 1987 budget request.

The Committee increased the funding for State grants by $12,000,000, including $5,000,000 for State and local air programs, $3,000,000 for hazardous waste State grants, and $4,000,000 for State water programs. The Committee notes that air grants were increased by $3,000,000 in 1985. This increase was retained in the 1985 base, and an additional $4,300,000 was added in the 1986 request. The Committee also notes

that the obligations for innovative hazardous waste activities are lower than expected.

The Committee has also included $5,000,000 for the Clean Lakes Program, $2,000,000 for estuary studies, $2,600,000 for waste water treatment operator training, and $2,600,000 for the Rural Water Association so that it can operate permanently in West Virginia and begin protecting drinking water quality in three new States.

The Committee is concerned about the Agency's inability to determine whether or not it will meet critical deadlines for the permitting of hazardous waste land disposal sites and incinerators, or develop regulations controlling emissions from hazardous waste sites. The Committee directs that the Agency respond to the Committee's outstanding questions concerning these matters at the earliest possible date.

Finally, the Committee has added $7,900,000 for the abatement, control, and compliance portion of the hazardous air pollution, NSPS, and pesticide activities described in the salaries and research sections of the report. It also directs the Agency to publish an annual survey of persons requiring inpatient or outpatient care as a result of pesticide exposure.

The Committee is greatly encouraged by the progress EPA has made in tackling the problem of asbestos in schools since enactment of the Asbestos School Hazard Abatement Act of 1984 [ASHAA]. Within the $50,000,000 provided through the Supplemental Appropriations Act for Fiscal Year 1984 (Public Law 98-396), $5,000,000 is being utilized by the agency for both enhancing its technical assistance efforts and developing a Model Contractor Training and Certification Program, $45,000,000 is being expended in the form of no-interest loans and grants to eligible school districts. An additional $4,000,000 has been provided in the Fiscal Year 1985 Supplemental Appropriations Act for further technical assistance efforts.

Since ASHAA was enacted on August 11, 1984, EPA has established, within the Office of the Assistant Administrator for Pesticides and Toxic Substances, the Asbestos Action Program. Drawing from the State of Maryland's asbestos abatement contractor specifications and Georgia Tech's contractor training program, the agency has developed a Model Contractor Training and Certification Program—in accordance with the Committee's report language accompanying the fiscal year 1984 supplemental appropriation for the program. Regional training centers have been established at Georgia Tech, Tufts University, and Kansas University. Seven States now have in place contractor programs.

EPA has revised its asbestos abatement guidance document, the so-called blue book. Information detailing the extent and location of friable, or damaged, asbestos-containing materials—on a building-by-building basis—has been collected from school districts in almost all the 50 States. States have become more involved perhaps, in part, because they play a role in determining which school districts have the most serious asbestos problems and are most deserving of financial assistance—which is based upon need. And, EPA has been given the opportunity to

provide real help to school districts in mitigating a potentially serious threat to the health of school children and school employees. The Committee believes these efforts will prove far more helpful to school districts—and far more effective in protecting children—then has the agency's school inspection and notification rule.

While the Committee recognizes some school districts were unable to meet this year's application deadline for ASHAA funds, the Committee finally has a realistic indication of the extent to which the Nation's public and private schools contain potentially hazardous asbestos. Based on EPA's recent testimony before the Senate Committee on Environment and Public Works, the Committee finds that additional funding is both warranted and necessary. Unfortunately, budgetary constraints, as opposed to a lack of ability on the part of the agency, has led the Committee to recommend only $50,000,000 of the $100,000,000 authorized for ASHAA in fiscal year 1986.

Additionally, the Committee is disturbed by the failure of the House Committee to adequately differentiate between asbestos abatement projects completed prior to enactment of ASHAA, without direct Federal assistance, and those which are being facilitated through ASHAA. Under ASHAA, the Administrator has authority to deny an application for financial assistance solely on the basis of the selection of an abatement contractor. Also, only schools which have contained friable asbestos, which has been determined by the agency to pose a serious threat to building occupants, are receiving funds. EPA has been verifying—through on-site inspections—the information contained in the applications submitted by school districts seeking assistance. Thus, the Committee believes that schools which act outside ASHAA to correct asbestos hazards, and without utilizing the technical assistance made available through EPA and some of the States, are in greater danger of both engaging in possibly unwarranted or inappropriate abatement actions, and selecting contractors who are not properly trained in asbestos removal. While greater concern over the quality of work performed at such schools is advisable, this scrutiny should reflect an appreciation of the initiative of the authorities involved.

The Committee believes that the technical assistance efforts made possible through ASHAA funds will serve to aid both program recipients and others who are seeking guidance in making asbestos abatement decisions. The Contractor Training and Certification Program developed with ASHAA funds is vital to this effort. Thus, the Committee concurs with the bill language included by the House with its funding recommendation for ASHAA with a reduction in the amount available for technical assistance reflecting supplemental amounts provided in fiscal year 1986 and minor technical clarifications of the House provision.

The Committee differs with the House on the subject of the agency's response to earlier report language developed by the House on the subject of risk assessment of nonoccupational exposures to asbestos. The agency has accounted for its policy in this regard many times over. The Committee does not agree that the House is justified in its criticism.

The Committee strongly reaffirms its support for, and commitment to the efficient and effective senior Environmental Employment Program. The benefits and value of this initiative has been amply demonstrated by the experience EPA has had with respect to the discharge of its wide ranging inspection and compliance responsibilities under the ASHAA Program. The Committee expects the agency to continue its leadership to drawing upon this especially valuable human resource base in the future.

The Committee notes that giardia cyst contamination of water supplies remains a national problem. The Committee directs EPA to continue its efforts to halt the spread of the giardiasis disease.

First, the Agency, under the Office of Research and Development, should continue to refine the treatment, technology, and analysis methods for identifying and quantifying the giardia lambla disease.

Second, EPA should respond to the Committee's directives in the report to H.R. 5713, July 7, 1984, by finalizing the regulations under the Safe Water Drinking Act, which would require that filtration of water for community use encompass giardia cyst contamination, and announce those final regulations and the effective date as soon as possible, but no later than July 1, 1986.

The Committee concurs with language contained in the House report (House Report 99–212) with respect to EPA efforts in developing an American Indian policy to assist tribal governments in addressing environmental problems. While a comprehensive study of the relative needs of Indian land environmental requirements is necessary, the Committee does feel that current levels of assistance clearly do not adequately address many serious and demonstrable problems confronting these semi-autonomous areas. The Committee, therefore, expects the Agency to make a concerted effort to improve its programs in this respect within funds contained in this appropriations bill.

BUILDINGS AND FACILITIES

1985 appropriation	$12,000,000
1986 budget estimate	5,000,000
House allowance	5,000,000
Committee recommendation	5,000,000

The Committee recommends an appropriation of $5,000,000 for buildings and facilities in fiscal year 1986. This amount is the same as the budget estimate and the House allowance.

PROGRAM DESCRIPTION

The appropriation for buildings and facilities at EPA covers the necessary repairs and improvements to installations which are used by the Agency.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $5,000,000 for this account.

The Committee has deferred funding the construction of an EPA research laboratory at Newport, OR, pending the completion of a study to determine whether housing the research program in a new laboratory is more cost effective than continuing to lease the existing space, or other potential facilities in the Newport community.

The Committee understands that EPA has agreed to conduct such a study as quickly as possible and that the research program will continue in Newport under one of these two options, which ever is more cost effective.

The obligation of $500,000 for engineering and design of office, laboratory, and library space was approved in the fiscal year 1985 supplemental but is subject to the outcome of the same study.

SUPERFUND AND CONSTRUCTION GRANTS

The Committee has deferred funding for these two critical programs because the authorization legislation now proceeding through Congress may make major changes in these programs which would substantially affect their cost in 1986. The Committee defers funding without prejudice. It continues to strongly support these two vital programs and will provide the necessary funds at the appropriate time.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

1985 appropriation	$700,000
1986 budget estimate	732,000
House allowance	700,000
Committee recommendation	732,000

The Council on Environmental Quality was established by the National Environmental Policy Act [NEPA] and the Environmental Quality Improvement Act of 1970 and is located within the Executive Office of the President. The Council's principal responsibility is to provide the President and the Congress with timely and authoritative advice on key policy issues. In addition to providing policy advice, the Council is responsible for maintaining policy oversight of the Federal Government's implementation of NEPA. The Council is also charged with cochairing with EPA, the Interagency Toxic Substances Data Committee; serving as Executive Secretary of the Interagency Task Force on Acid Precipitation; overseeing implementation of environmental messages by the President; and assisting and advising the President in preparing the annual environmental quality report to the Congress.

COMMITTEE RECOMMENDATION

The Committee recommends $732,000 for the Council on Environmental Quality. This is the same as the budget request and $32,000 more than the House allowance.

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

1985 appropriation	$2,194,000
1986 budget estimate	2,091,000
House allowance	2,343,000
Committee recommendation	2,343,000

The Office of Science and Technology Policy [OSTP] was created by the National Science and Technology Policy, Organization, and Priorities Act of 1976 (Public Law 94–282) and provides advice to the President concerning policies in science and technology and on the utilization of science and technology in addressing important national problems. OSTP also supports other organizations within the Executive Office of the President with regard to issues involving science and technology considerations; reviews and analyzes the research and development budgets and programs of the Federal Government, in concert with the Office of Management and Budget; coordinates research and development programs of the Federal Government; and fulfills other obligations, duties, functions, and activities mandated by the National Science and Technology Policy, Organization, and Priorities Act of 1976.

COMMITTEE RECOMMENDATION

The Committee recommends $2,343,000 for the Office. This is $252,000 more than the budget request and the same as the House allowance.

FEDERAL EMERGENCY MANAGEMENT AGENCY

1985 appropriation	$561,368,000
1986 budget estimate	545,393,000
House allowance	631,656,000
Committee recommendation	588,182,000

The Committee recommends an appropriation of $588,182,000 for the Federal Emergency Management Agency [FEMA] in fiscal year 1986. This amount is $42,789,000 more than the budget estimate and $43,474,000 less than the House allowance.

GENERAL DESCRIPTION

FEMA is responsible for coordinating Federal efforts to anticipate, prepare for and respond to a spectrum of major civil emergencies. The Agency also works to assure the effectiveness of the National Civil Defense Program and the availability of civil defense systems and resources in coping with all manmade and natural disasters; consolidates the programs aimed at preventing and mitigating the effects of potential disasters with the programs designed to deal with the disasters once they occur; coordinates and plans for the emergency deployment of re-

sources that are used on a routine basis by Federal agencies; and helps to coordinate preparedness programs with State and local governments, private industry, and voluntary organizations.

FEMA's budget submission describes several principal activities, including:

Civil defense.—This activity features an integrated emergency management system approach designed to develop generic plans and functional emergency capabilities to mitigate, prepare for, respond to, and recover from emergencies caused by natural, technological, and attack-related hazards. It has financial and technical assistance programs which support State and local organization requirements, and operating costs. Federal civil defense objectives and support are integrated with State and local emergency operational requirements, thereby enhancing overall emergency preparedness for all hazards. Included in this activity are preparedness programs that address functions including planning, warning, communications, direction and control, shelter, movement of people, and provision of food and medical resources. This activity also provides for development of training materials and training programs, and for research and development activities that provide the technical basis for national planning and preparedness for such activities as population and industrial protection.

Comprehensive emergency preparedness planning.—This activity provides for the enhancement of Federal, State, and local governments' capability to prepare for, respond to and mitigate the impact of disasters and emergencies. Program activities include hazard analyses, needs assessments, technical guidance and financial support designed to assist State and local governments in developing a comprehensive approach to preparedness planning for natural and manmade emergencies.

Radiological emergency preparedness.—This activity is focused on improvement of Federal, State, and local planning for emergencies in areas surrounding nuclear power reactors and enhanced capabilities to cope with radiological accidents at fixed nuclear facilities, including commercial nuclear powerplants, and nuclear materials license holders. The activity provides assistance to State and local governments through the issuance of guidance, review and approval of plans, and evaluation of exercises.

Federal preparedness.—The goals of the Federal preparedness activity are to enhance Government readiness and capability in order that the Nation will be able to respond predictably and effectively to peacetime or wartime national security emergencies and to enable government, at all levels, to cope with the consequences of accidental, natural, and man-caused occurrences.

Training and fire programs.—This activity prepares Federal, State, and local officials, their supporting staff, and the public to meet the responsibilities and challenges of domestic emergencies through planning, mitigation, preparedness, response, and long-term recovery. Educational programs are provided through the Emergency Management Institute and the National Fire Academy. In addition, under the U.S. Fire Ad-

ministration, this activity concentrates on providing a Federal focus on identifying problems with which the Nation's fire, rescue, and emergency medical services must deal, finding solutions to these problems, and supporting State and local fire protection and emergency services efforts.

Flood plain management.—This activity combines mapping, regulatory, and technical assistance to assist State and local governments in responding to known flood hazards and mitigating their effects through a comprehensive approach to managing the Nation's flood plains. FEMA proposes to fund this activity under the National Flood Insurance Fund in fiscal year 1986.

Flood insurance.—The National Flood Insurance Program makes insurance available to property owners in participating communities, in return for which communities are required to adopt flood plain management measures to protect lives and reduce property loss. The flood plain management activity combines mapping, regulatory, and technical assistance to assist State and local governments in responding to known flood hazards and mitigating their effects through a comprehensive approach to the management of flood plains.

Crime insurance.—This program enables residents and businesses to purchase affordable insurance against burglary and robbery losses on properties that meet protective device requirements where such coverage is not available in the private market place. By law, the authority for this program expires on September 30, 1985.

Disaster response and recovery.—The President's Disaster Relief Program supplements the efforts and available resources of State and local governments and voluntary relief organizations in responding to a major disaster or emergency, as defined in the Disaster Relief Act of 1974 (Public Law 93–288).

FUNDS APPROPRIATED TO THE PRESIDENT DISASTER RELIEF

1985 appropriation	$100,000,000
1986 budget estimate	194,000,000
House allowance	194,000,000
Committee recommendation	145,000,000

Federal disaster assistance is a nationwide program operated pursuant to the Disaster Relief Act of 1974 (Public Law 93–288). The President is authorized to provide Federal assistance to supplement the efforts and resources of State and local governments in response to major disasters and emergencies. Funds may be made available directly to a State or local government, or to other Federal agencies as reimbursement of expenditures in disaster relief work performed under this authority. In addition, a variety of other Federal assistance is coordinated under this program.

COMMITTEE RECOMMENDATION

The Committee recommends $145,000,000 for disaster relief assistance in fiscal year 1986. This is $49,000,000 less than the budget request and the House allowance. The Committee recommendation will provide over $100,000,000 more than the 10-year average of obligations used by FEMA to estimate the level of funding required for obligation in fiscal year 1986. The Committee has conservatively calculated the appropriation required assuming that over twice the level of obligation through June 1985 is experienced in the last quarter of fiscal year 1985. Should additional sums be necessary, the Committee will expeditiously consider such requirements in a subsequent appropriations bill.

SALARIES AND EXPENSES

1985 appropriation	$130,149,000
1986 budget estimate	119,031,000
House allowance	118,746,000
Committee recommendation	122,000,000

The salaries and expenses appropriation comprises two activities:

1. *Program support.*—This activity provides for staff and supporting resources to administer the Agency's various programs at the headquarters, field, and regional levels.

2. *Management and administration.*—This activity provides staff and supporting resources for the general management and administration of the Agency in legal affairs, congressional relations, public affairs, personnel, financial management, and other central support functions, such as rent, utilities, ADP support services, and supplies.

COMMITTEE RECOMMENDATION

The Committee recommends $122,000,000 for salaries and expenses. This is $2,969,000 more than the budget request and $3,254,000 more than the House allowance. The Committees on Appropriations in their individual reports accompanying the fiscal year 1985 supplemental appropriations bill (H.R. 2577) each were critical of FEMA's absence of sound administrative and fiscal management practices. The Senate Report 99–82 required that FEMA submit a report prior to July 1, 1985, indicating what actions the Agency management would initiate to assure the Congress that the Agency would operate within its budgeted funds in fiscal year 1986. The Committee has also been following the actions taken by FEMA to deal with the shortfall in fiscal year 1985. Through a combination of hiring and promotion freeze, travel freeze, spending freeze, and termination of other than full-time permanent employees, FEMA has been able to control expenditures to the point where the furlough of all employees identified by management as being required to permit the Agency to complete fiscal year 1985 without a $5,572,000 supplemental appropriation is no longer required.

The Committee has reviewed the FEMA report and the House Report 99–212 and bill language (H.R. 3038). The Committee believes the Agency must be permitted to implement corrective actions and reforms

as it has proposed, rather than mandate highly restrictive and detailed limitations recommended by the House. The Committee does not believe the House approach of providing a quarterly limit on salary funds; directing a limit upon the number of FTE in each management and administration office; and directing which programs the regional staff should be reduced will provide the Agency the flexibility in carrying out its intended mission of preparing effectively for the myriad of unanticipated State and local emergencies that arise each year.

The Committee has, therefore, deleted the severely restrictive House bill language. The Committee directs FEMA to correct past management practices to assure that it lives within the salaries and expenses funds available to the Agency. The $122,000,000 provided by the Committee represents the $119,031,000 of the budget request to which $1,000,000 is added to provide the requisite funding should the A–76 studies indicate that the 39 positions currently under review are most effectively performed within the Agency. The budget justification provided no funding to perform the work either internal to the Agency or by outside contract. Another $1,969,000 is provided to permit the Agency to maintain all 10 regional offices. The budget justification had eliminated SLUC money and other funding necessary to operate four of the regional offices.

The Committee tentatively approves the concept of the June 24, 1985, FEMA report. The Committee, therefore, directs the establishment of a cap of 2,220 FTE for the Agency in fiscal year 1986 excluding 196 FTE performing the flood plain studies and the insurance activities of the National Flood Insurance Fund and the 6 FTE of the National Insurance Development Fund. The Committee is providing bill language transferring $8,760,000 from the National Flood Insurance Fund (which includes $355,000 to restore the proposed 5-percent reduction in pay) to pay administrative costs in fiscal year 1986.

The Committee expects that FEMA will adhere strictly to reprogramming procedures established by this Committee and that each program will be managed so that it does not exceed the amount of salaries and expenses funds available. In the management and administration area, the Committee directs the establishment of a cap of 421 FTE for fiscal year 1986. The Committee directs FEMA to develop a revision to the June 24, 1985, proposal that will redistribute the FTE in each office according to the cap and the Committee's direction to strengthen the Office of the Inspector General, maintain the level of acquisition management, and critically evaluate the staffing in the Office of the Executive Administrator, Public Affairs, International Affairs, Program Analysis and Evaluation, and Automatic Data Processing.

The Committee puts FEMA on notice that it expects to monitor closely the staffing level of the Agency and the expenditure of salary and benefits and the other object classifications within salaries and expenses. The Committee further directs the Agency to provide an updated report on the management and budget execution improvement process for fiscal year 1986 by September 2, 1985. This report should

identify monthly reporting forms to monitor staffing and expenditures as well as the development of an operating plan for fiscal year 1986 identifying quarterly expenditures and quarterly staffing and other indicators of the Agency's ability to function within its appropriation. The Committees on Appropriations will expect a meeting on the operating plan shortly after the end of each quarter to discuss the need for reprogramming and other controls necessary to avoid problems.

The Committee will provide every assistance to the Office of the Director and the Office of the Comptroller to implement work force management and budgeting controls to assure that there will be no repeat of the onerous activities of the past.

The Committee has not reduced the official reception and representation limitation from the level of the budget request.

The Committee directs FEMA to limit reprogrammings between programs and activities to not more than $500,000 without prior approval of the Committee.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

1985 appropriation	$331,219,000
1986 budget estimate	232,362,000
House allowance	248,910,000
Committee recommendation	271,182,000

The emergency management planning and assistance appropriation provides resources for the following activities which were described previously: civil defense, comprehensive emergency preparedness planning, radiological emergency preparedness, Federal preparedness, training and fire programs, and flood plain management. FEMA proposes to fund the flood plain management activity under the National Flood Insurance Fund in fiscal year 1986.

COMMITTEE RECOMMENDATION

The Committee recommends $271,182,000 for emergency management planning and assistance. This is $38,820,000 more than the budget request and $22,272,000 more than the House allowance.

The increase is composed of an increase of $34,682,000 in civil defense and an increase of $4,138,000 in training and fire programs. It was the Committee intent in all areas other than State and local direction control and warning to maintain the fiscal year 1985 level in State and local grants. In the civil defense area, the Committee has provided funding so that FEMA will be able to conduct training and education activities where it can: (1) maintain the direct grants for training and field deployment at the fiscal year 1985 level; (2) provide full resident program funding at the same level as fiscal year 1985 (including total funding for travel stipends); and (3) provide the budget request level for NETC West site administration.

The budget request in training and fire programs is increased to restore these programs to the fiscal year 1985 level (restoring the travel stipends and the funding for the National Fire Academy and the U.S. Fire Administration programs).

In fiscal year 1985, $151,311,000 was appropriated for civil defense (excluding FEMA salaries and expenses). The fiscal year 1986 budget request was for $89,318,000. The Committee is recommending $124,000,000 (excluding FEMA salaries and expenses) for the civil defense programs in fiscal year 1986. The budget proposes reducing grants to the States. Three programs (radiological defense, population protection, and training and education) that were 100-percent federally funded in fiscal year 1985 are proposed in fiscal year 1986 to be funded on an equal matching basis between State and Federal Government or the States can severely reduce their personnel. The Committee has been informed by the National Emergency Management Association and the National Governors Association that the States require a 1-year transition period in fiscal year 1986 to allow State legislatures sufficient time to reallocate funds to compensate for adjustments in Federal-State cost-sharing formulas. With this in mind, the Committee has acted in most programs to maintain grants at the fiscal year 1985 level and to permit a transition year of 100-percent Federal funding for the three aforementioned programs. The Committee has recommended the following changes to the budget request:

—Emergency management assistance: +$6,700,000;
—Radiological defense (planning and development: +$1,326,000; instrumentation: +$1,100,000);
—Population protection planning: +$4,500,000; facility survey, engineering, and development: +$1,352,000;
—State and local direction, control, and warning: +$3,119,000;
—Research: +$13,000;
—Training and education (training field deployment system: +$3,868,000; resident programs: +$1,226,000; NETC site administration: +$378,000);
—Telecommunications and warning (national warning system: +$5,100,000; national radio system: +$4,000,000; telecommunications support services: +$2,000,0000.

The Committee recommended increases primarily relate to State and local grants except in the area of telecommunications and warning. Last year, the Committee identified this program as the most time critical and as having the highest priority within the civil defense area. The increase of $11,100,000 in this area is to continue to replace obsolete equipment with advanced technology equipment. The Committee does not want to see this area with a mix of incompatible equipment and foresees a final year of increased spending in telecommunications and warning in fiscal year 1987. The Committee continues its previously stated constraint on dosimeter production. No funds provided in this bill, together with previously provided funds, shall be used to produce in excess of 30,000 dosimeters.

The Committee recommendation provides the request level for the remainder of emergency planning and assistance except for the training and fire programs where the fiscal year 1985 level is provided except for the Emergency Management Institute [EMI], NETC site administra-

tion where an additional $138,000 is provided, which together with the additional $378,000 provided in civil defense should restore the majority of the balance between the EMI and the National Fire Academy in the funding of the operation of the Emmitsburg facility.

In reviewing the funding of the U.S. Fire Administration, the Committee recommends that an additional $1,000,000 be added to the Fire Prevention and Arson Control Program to restore the National Community Volunteer Fire Prevention Program (partnerships against fire) to the fiscal year 1985 level of $2,000,000. The Committee directs that FEMA enter into an agreement with a national organization representing all the States so that the grants can be administered with a minimum operational workload upon the limited FEMA administrative staff. The Committee directs that the program be expanded to encompass 30 States (10 in the final year, 10 in the second year, and 10 new States).

The Committee directs that FEMA use $2,500,000 of the remaining $2,649,000 in fire prevention and arson control funding to continue the Nationwide Residential Sprinkler Program. The funding should be distributed to include: $800,000 for research, $540,000 to support residential sprinkler demonstration trailers in the 10 Federal regions, $450,000 for pilot retrofitting sprinkler programs directed at youth, elderly, and handicapped (high risk populations), and the remaining funding for public fire awareness projects.

The Committee directs that any training of senior executive personnel planned or conducted by FEMA should take place under the auspices of the Emergency Management Institute and the National Fire Academy.

In addition to the funds included in the emergency management planning and assistance appropriation, $45,750,000 is transferred from the National Flood Insurance Fund for the conduct of flood studies ($36,902,000), flood hazard reduction ($4,070,000), and purchase of property under the 1362 Program ($4,778,000). The bill contains language transferring funding from the fund. The bill also contains language relating to the determination of premium rates for the city of Winfield, KS, under the National Flood Insurance Act of 1968. The information containing the transfer of funds is included under the National Flood Insurance Fund section of this report.

The Committee directs FEMA to study the feasibility of passing on the costs of FEMA personnel at fixed nuclear sites to the utility companies similar to the practices of the Nuclear Regulatory Commission. This report is to be provided to the Committee prior to April 1986.

The Committee during the fiscal year 1986 budget hearings provided FEMA with a series of questions expressing serious concern with existing procurement practices at FEMA. The Committee reviewed noncompetitive contracts and identified that in fiscal year 1984 over half of the total funding for 8(a) sole source contracts was with two firms. The Committee urges FEMA to improve its procurement practices and to limit sole source contract procurements. The Committee expects FEMA to report back on the actions it has taken prior to February 1986.

The U.S. Fire Administration and National Fire Academy have undertaken several public education programs to help avert the enormous loss of life and property (6,000 deaths and thousands of injuries and nearly $20,000,000,000 in economic losses) that result from the 2 million fires which occur in this country every year. It is claimed that there is currently no exchange of information nor resources among the multitude of Federal, State, and local fire education entities and programs. The Committee encourages FEMA to examine the need for and the means by which such a program might be developed and implemented.

NATIONAL INSURANCE DEVELOPMENT FUND

1985 appropriation	
1986 budget estimate	
House allowance	
Committee recommendation	($10,000,000)

PROGRAM DESCRIPTION

The Federal Crime Insurance Program was authorized on December 31, 1970, to provide burglary and robbery insurance to businesses and residents of States where a critical market availability problem was shown to exist. Funding for this program is provided through the National Insurance Development Fund, which is credited with insurance premiums and makes payments for losses and other program expenses. The Federal Crime Insurance Program terminates on September 30, 1985.

COMMITTEE RECOMMENDATION

The Committee recommends that final one-time funding, not to exceed $10,000,000, from the National Insurance Development Fund be provided in order to assure continuous crime insurance coverage after September 30, 1985. The Committee recommends that such funding be made available to any State participating in the program in the form of a one-time payment and that it be based on the percentage of policies in force in that State as of July 31, 1985. The Federal Insurance Administration of the Federal Emergency Management Agency is directed to make such payment when the Commissioner or Superintendent of Insurance, or other responsible State official, certifies to the Administrator that the State is developing an alternative mechanism for providing access to crime insurance to all policyholders in that State who apply. This certification must be made by September 30, 1985. The Administrator is directed to continue policy sales until September 30, 1985. Under the terms of the language recommended by the Committee, States are given full discretion in determining the nature of their successor crime insurance programs and in the manner of utilizing this one-time payment, including multiyear subsidy. No further appropriations for this purpose will be provided and the National Insurance Development Fund will be eliminated upon settlement of all claims on policies written prior to October 1, 1985.

NATIONAL FLOOD INSURANCE FUND

(INCLUDING TRANSFER OF FUNDS)

1985 appropriation	$200,205,000
1986 budget estimate	92,852,000
House allowance	92,852,000
Committee recommendation	92,852,000

The Committee recommends $92,852,000 to repay funds borrowed from the Treasury by FEMA to carry out the National Flood Insurance Program in fiscal year 1986. This is the same amount as the budget estimate and the House allowance.

PROGRAM DESCRIPTION

The National Flood Insurance Act of 1968, as amended, authorizes the Federal Government to provide flood insurance on a national basis. Flood insurance may be sold or continued in force only in communities which enact and enforce appropriate flood plain management measures. Communities must participate in the program within 1 year of the time they are identified as flood-prone in order to be eligible for flood insurance and some forms of Federal financial assistance for acquisition or construction purposes.

Under the Emergency Program, structures in identified flood-prone areas are eligible for limited amounts of coverage at subsidized insurance rates. Under the regular program, studies must be made of different flood risks in flood prone areas to establish actuarial premium rates. These rates are charged for insurance on new construction. Coverage is available on virtually all types of buildings and their contents in amounts up to $245,000 for residential and $550,000 for other types.

Financing.—The Administrator is authorized to borrow up to $1,000,000,000 to carry out the program. Borrowings are estimated to total $216,044,000 by the end of 1986. An appropriation of $92,852,000 is requested in 1986 to retire agency debt. The program is also financed through premium income.

Operating results.—Cumulative expenses are expected to exceed revenue and receipts from Federal and non-Federal sources by approximately $1,500,000,000 by the end of 1986. This cumulative deficit is financed through appropriations of $1,200,000,000 and by charges against borrowing authority of $300,000,000.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $92,852,000 for payments to the Treasury. This is the same amount as the budget request and the House allowance. Program operations are financed with premium income augmented by Treasury borrowings. The recommended appropriation will enable FEMA to repay part of the debt to the Treasury. The budget request includes the proposal that the administrative expenses, flood surveys and studies, flood hazard reduction, purchase of property, and State assistance activities be funded from the

National Flood Insurance Fund beginning in fiscal year 1986. While the Committee feels that this may be a feasible approach at some future point in time after the program has shown it can be self-supporting, a concept the Committee strongly supports, it does not think that such a transition is advisable at the current time. The Committee has, therefore, provided bill language transferring $8,760,000 to the salaries and expenses appropriation and $45,750,000 to the emergency management planning and association appropriation, both transfers from the National Flood Insurance Fund.

The Committee has added bill language to provide relief to Winfield, KS, from a literal but programmatically ill-advised interpretation of a provision of the National Flood Insurance Act of 1968. The city of Winfield has begun construction of a locally funded levee system to protect various areas of the comm nity from flooding. Winfield petitioned FEMA for relief under Public Law 93–383 which contains provisions for revising a flood insurance map when it can be demonstrated that sufficient progress has been made toward completion of an improved flood protection system. Such a map revision would benefit a community and its citizens by allowing for lower flood insurance premiums and less stringent building requirements. FEMA denied Winfield's petition not because of a question of sufficient progress, but rather because of a strict interpretation of this law which limits its application to projects financed by Federal funds.

The language will eliminate the unnecessary requirement of Federal funding of the levee system and provide for a map revision once progress on the levee system has been determined to meet all funding and construction requirements of section 1307(e) of the National Flood Insurance Act of 1968.

The Committee notes that the fiscal year 1986 requested appropriation level of $4,778,000 combined with the maximum carryover funds available from fiscal year 1985 would provide $9,556,000 for expenditure in fiscal year 1986 for the purchase of Flood Damaged Property Program.

The Committee is aware of numerous pending applications from eligible communities and urges that these funds be obligated as expeditiously as possible, consistent with existing eligibility criteria, to those communities which have suffered severe property damage in recent years.

The Committee is impressed with the cost effectiveness of returning land in flood plains to public purposes and avoiding repeated payments of flood insurance to these often flooded communities.

EMERGENCY FOOD AND SHELTER

1985 appropriation	
1986 budget estimate	
House allowance	$70,000,000
Committee recommendation	50,000,000

The Committee recommends an appropriation of $50,000,000 for

emergency food and shelter in fiscal year 1986. This is $50,000,000 more than the budget request and $20,000,000 less than the House allowance.

PROGRAM DESCRIPTION

The Emergency Food and Shelter Program originated as a one-time emergency appropriation of $100,000,000 to combat the effects of high unemployment in the emergency jobs bill (Public Law 98–8) which was approved in March 1983.

In the fall of 1983 and again in the summer of 1984, additional funding was provided in spite of a dramatic drop in unemployment and no authorization of funds for this activity through FEMA, no FEMA congressional hearings to provide oversight over this program, and no budget request for funding. The program has been administered by a national board and the majority of the funding has been spent for providing temporary food and shelter for the homeless, participating organizations being restricted by legislation from spending more than 2 percent of the funding received for administrative costs. Although no funding was requested for fiscal year 1986, $110,000,000 was added to the Senate version of the second supplemental 1985 appropriation (H.R. 2577) with the provision that the funding would remain available throughout fiscal year 1986. The conference between House and Senate has recommended $20,000,000 for this program for fiscal year 1985 and indicated that fiscal year 1986 funding needed will be provided in this measure.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $50,000,000 for emergency food and shelter. This is $50,000,000 more than the budget request and $20,000,000 less than the House allowance. The Committee recognizes the funding provided in H.R. 2577. The Committee noted in the report (Senate Report 98–570) and floor debate accompanying the 1984 supplemental appropriation that no FEMA authorization hearings on food and shelter had been conducted and that FEMA was not the agency for the location of this program given the amelioration of the emergency nature of the national unemployment situation, the condition under which the program was initiated. The Committee directed the national board to conduct a study to determine the number of the homeless persons at the national level paying particular attention to a review of the extant literature. The Committee's second request was to identify another Federal agency or agencies other than FEMA where this program would logically reside. The Committee had expected a range of figures describing the maximum and minimum levels of the homeless. The Committee was extremely disappointed with the study submitted by the national board.

No data was provided identifying either the number of the homeless or the extremes that might bound the national homeless situation. There was also no identification of an agency other than FEMA to coordinate this program.

While the Committee is sympathetic to the tight time and budget constraints that the national board was operating under, it does not expect the board to ignore the directions of the Committees on Appropriations in the future.

General Services Administration

CONSUMER INFORMATION CENTER

1985 appropriation	$1,149,000
1986 budget estimate	1,249,000
House allowance	1,249,000
Committee recommendation	1,249,000

The Committee recommends an appropriation of $1,249,000 for the Consumer Information Center. This is the same as both the budget estimate and the House allowance.

PROGRAM DESCRIPTION

The Consumer Information Center [CIC] was established within the General Services Administration [GSA] by Executive order on October 26, 1970 to help Federal departments and agencies promote and distribute consumer information collected as a byproduct of the Government's program activities.

The CIC promotes greater public awareness of existing Federal publications through wide dissemination to the general public of the consumer information catalog. The catalog lists both sales and free publications available from the Government Printing Office [GPO] distribution facility in Pueblo, CO. In fiscal year 1984, the CIC distributed a total of 6 million publications. Distribution costs of the free publications are financed by reimbursements from the Federal agencies to the Consumer Information Center Fund. Beginning in March 1983, the CIC began charging a user fee of $1 for two or more free publications ordered from the catalog.

Public Law 98–63, enacted July 30, 1983, established a revolving fund for the CIC. Under this fund, CIC activities are financed from the following: annual appropriations from the general funds of the Treasury, reimbursements from agencies for distribution of publications, user fees collected from the public, and any other income incident to CIC activities. All are available as authorized in appropriation acts without regard to fiscal year limitations.

COMMITTEE RECOMMENDATION

The Committee recommends $1,249,000 in new budget authority for the Consumer Information Center Fund.

The Committee has reviewed the report on CIC's test marketing of the Federal Procurement Data Center which was initiated at the request of the Committee. The Committee directs that no similar marketing projects be undertaken without the specific approval of the Committees on Appropriations. Future marketing projects performed by CIC should

be limited to those directly related to providing information to the public and requiring a maximum of one-half of one CIC staff year.

Finally, the bill includes language limiting the availability of the revolving fund to an aggregate level of $5,200,000 in fiscal year 1986. This amount is comprised of: (1) an appropriation of $1,249,000; (2) user fees from consumers of $482,000; (3) reimbursement from other Federal agencies of $3,000,000; and (4) other income incident to CIC activities of $469,000, all to be available without regard to fiscal year limitation. Any revenues accruing to this fund during fiscal year 1986 in excess of $5,200,000 shall remain in the fund but not be available for expenditure except as authorized in appropriation acts.

Department of Health and Human Services

OFFICE OF CONSUMER AFFAIRS

1985 appropriation	$2,096,000
1986 budget estimate	1,988,000
House allowance	1,988,000
Committee recommendation	2,028,000

In accordance with Executive Order 11583 of February 24, 1971, the staff of the U.S. Office of Consumer Affairs assures that consumer needs and viewpoints are presented in the Federal Government, fosters consideration of consumer viewpoints by other Government agencies, voluntary groups and business, and seeks to inform and educate individual citizens to deal more effectively in the marketplace. The Director is also the Special Adviser to the President for Consumer Affairs.

Under Executive Order 12160 of September 26, 1979, the staff of the Office also provides administrative support to the Consumer Affairs Council. The functions of the Council are to provide leadership and coordination to insure that agency consumer programs are implemented effectively, to strive to maximize effort, promote efficiency and interagency cooperation, and to eliminate duplication and inconsistency among agency consumer programs.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $2,028,000 for activities of the Office of Consumer Affairs [OCA]. This level of funding is $40,000 above both the budget request and the House allowance also represents a decrease of $68,000 below the fiscal year 1985 appropriation.

The Committee recommendation permits a restoration of $40,000 of the 5-percent 1986 pay decrease for OCA. The Committee further directs OCA to implement at least $6,000 of increased efficiencies in order to prevent a reduction in filled positions during fiscal year 1986.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

RESEARCH AND DEVELOPMENT

1985 appropriation	$2,422,600,000
1986 budget estimate	2,881,800,000
House allowance	2,756,800,000
Committee recommendation	2,790,800,000

The Committee recommends an appropriation of $2,790,800,000 for research and development activities. This amount is $91,000,000 less than the budget estimate and $34,000,000 more than the House allowance.

PROGRAM DESCRIPTION

The objectives of the National Aeronautics and Space Administration [NASA] program of research and development are to extend our knowledge of the Earth, its space environment, and the universe; to expand the practical applications of space technology; to develop, operate, and improve unmanned space vehicles; to provide technology for improving the performance of aeronautical vehicles while minimizing their environmental effects and energy consumption; and to assure continued development of the aeronautics and space technology necessary to accomplish national goals. The appropriations provides for the following research, development, and procurement activities of NASA:

Space station.—The United States will continue with the design and definition of a space station; initial orbital activities are planned for launch within the decade. A U.S. space station will provide space-based facilities to allow for enhancement of the Nation's science and applications programs and for development of capabilities for commercial exploitation of space, while exploring advanced technologies potentially useful to the economy. In fiscal year 1986, definition studies, advanced technology developments, and preliminary design will be pursued. One of the main objectives of the definition and design period will be to clarify future costs and capabilities of any potential station configuration. In particular, emphasis will be placed on insuring that potential station configurations provide a balance between manned and unmanned elements that can be readily adaptable to changing future national requirements and future technologies.

Space transportation systems.—The principal areas of activity in space transportation capability development are: efforts related to the spacelab, the upper stages that place satellites in high altitude orbits not attainable by the shuttle, the engineering and technical base, payload operations and support equipment, advanced programs study and evaluation efforts, the development of the United States/Italy tethered satellite system, and development of the orbital maneuvering vehicle. Development of a reusable orbital maneuvering vehicle will begin in 1986 with initial operations planned for 1990. The OMV will retrieve spacecraft, provide remote satellite servicing and other operations beyond shuttle capability. The European Space Agency developed spacelab successfully completed its first mission in December 1983 along with both

its second developmental and first operational missions during 1985. Dedicated missions for fiscal year 1986 involve use of the spacelab module, pallets, and other minor structures for science and applications missions. Efforts on space transportation system upper stages will be pursued further. Development of the common NASA/USAF Centaur/STS upper stage will continue. In 1985, two Centaur/STS upper stages will be delivered for the 1986 launches of the Galileo and the Ulysses missions. Additional STS upper stages will be procured for the Venus radar mapper, tracking and data relay satellite missions, and other NASA missions. The tethered satellite system will provide a new capability for conducting space experiments in regions remote from the space shuttle orbiter, especially in the upper atmosphere.

Space science and applications.--This program utilizes space systems supported by airborne and ground-based observations, to conduct scientific investigations of the Earth and its space environment, the Sun, the planets, and interplanetary and interstellar space, and the other stars of our galaxy and universe. Results from these investigations contribute to our understanding of the universe, including the key questions of life, matter, and energy. In addition, this program conducts the research and selected technology developments to encourage the practical application of space technologies to needs on Earth. The major physics and astronomy activities in fiscal year 1986 include: final integration and testing of the Hubble space telescope leading to launch in the second half of 1986; fabrication and testing of major Gamma Ray Observatory subsystems; and continuation of shuttle/spacelab instrument development and mission management activities including development of sounding rocket-class payloads to be flown on the shuttle. Spacelabs 2 and 3 have successfully been launched in 1985 and spacelab–4 is scheduled for launch in 1986. Work is also continuing on several Explorer projects to continue research thrusts started in prior years. In the planetary exploration area, the major fiscal year 1986 activities will be the final testing of the Galileo spacecraft leading to launch to Jupiter in May 1986, the delivery of the Ulysses (formerly the International Solar Polar Mission) spacecraft by ESA for launch in 1986, and the continuation of the Venus radar mapper spacecraft design and development activities with critical design reviews on the spacecraft and synthetic aperture radar. The Mars observer mission (formerly Mars geoscience/climatology orbiter) design and development activities will also be continued in fiscal year 1986. Voyager 2 (launched in 1977) is targeted to encounter the planet Uranus in 1986 and Neptune in 1989. The major activities in the space applications area include analysis of data from the shuttle imaging radar [SIR] plus the upgrading of the SIR instrument for geological mapping in the land and ocean environment, continuation of shuttle/spacelab development efforts along with definition activities on advanced instruments, and development of instruments to be flown on the tethered satellite system. Development efforts will also continue in 1986 on the upper atmospheric research satellite mission which will conduct research on the Earth's upper atmosphere to assess its susceptibility to

chemical change. Development activities will be continued on the scatterometer that will be flown on the Navy's remote ocean sensing system to measure wind velocity on the surface of the ocean. In the space communications area, development activities will be continued in 1986 on the advanced communications technology satellite [ACTS] planned for launch in 1989. The ACTS mission involves the development and demonstration of technologies required for future communications satellites.

Commercial programs.—These programs include the technology utilization and commercial use of space. The Technology Utilization Program is designed to facilitate the transfer of NASA developed technology to the nonaerospace sectors of the U.S. economy. During fiscal year 1986, NASA will continue its efforts to help foster widespread dissemination of new technology developed by the Agency's programs.

The commercial use of space is designed to increase private sector awareness of the opportunities in space. Private industry will be encouraged to invest and participate in high technology research and development utilizing the unique characteristics of space.

Aeronautics and space technology.—The objective of the Aeronautical Research and Technology Program is to provide the broad technology base essential to the preservation of U.S. leadership in aviation. Specific technology efforts in fiscal year 1986 will continue to be directed toward major improvements in high-performance aircraft, supersonic aircraft, rotorcraft, advanced propulsion, and numerical aerodynamics simulation. Major thrusts of fiscal year 1986 activities include: continuing advancement in both basic aeronautical disciplines and systems research, maintaining and operating specialized facilities essential to aeronautical research, and pursuing technological advances in critical areas of high risk and potentially high payoff to the Nation. The objectives of the Space Research and Technology Program are to provide the technology base necessary to support current and future space activities and to formulate and advance technology options for the future. These activities emphasize the longer-range aspects of generic research and technology development which are crucial in maintaining future U.S. leadership.

Tracking and data advanced systems.—The overall objective of the Advanced Systems Program is to perform studies to ensure capability for tracking and data acquisitions, communications, and data processing support required by all NASA flight projects in accomplishing their mission objectives.

COMMITTEE RECOMMENDATION

The Committee recommends $2,790,800,000 for this account. This is $91,000,000 less than the budget request and $34,000,000 more than the House allowance. This represents an increase of $368,200,000, or 15 percent, over the fiscal year 1985 level.

The following table displays the Senate recommendation and compares it to that of the House:

	Amount requested	House recommendation	Senate recommendation
Space station	$230,000,000	-$30,000,000	-$20,000,000
Orbital maneuvering vehicle	25,000,000	-15,000,000	-15,000,000
Solar optical telescope	30,000,000	-25,000,000	-10,000,000
Life sciences	72,000,000	-4,000,000	-2,000,000
Mars observer	43,800,000	-5,000,000	-5,000,000
Scatterometer	31,700,000	-25,000,000	-11,000,000
Upper atmospheric research satellite	134,000,000	-5,000,000	-10,000,000
Advanced communication technology satellite	90,000,000	-5,000,000	-10,000,000
Commercial programs	41,100,000	-13,000,000	-8,000,000
Materials processing (microgravity research)	34,000,000	+2,000,000	
Total		-125,000,000	-91,000,000

The Committee provided $210,000,000 for the Space Station Program which is $20,000,000 less than the request and $10,000,000 above the House allowance. The Committee continues to be strongly supportive of the space station and automation and robotics initiative which is part of the Space Station Program. The Committee provided bill language last year to assure that automation and robotics advanced technologies were made an integral part of the planning and development for the space station.

The Committee is pleased with the results of its mandated report on the findings of the automation and robotics panel of specialists from industry, universities, and government. The Committee is also pleased with the way the NASA Advanced Technology Advisory Committee [ATAC] functioned to develop an integrated NASA approach for submission to the space station contractors prior to the initiation of phase B activities. The principal reason for the addition of $10,000,000 over the House recommendation is to continue the space station automation and robotics initiative.

The Committee was impressed by the conclusion in its mandated report that computer assisted design [CAD] and computer assisted manufacturing techniques could significantly increase the efficiency of NASA space station operations. The report noted that compatible CAD representations, provided by all contractors, can allow the space station to be managed without the large amount of paper currently required for the Space Transportation System.

More importantly, however, the report noted that the use of computer aided engineering teams would open complex projects to a far greater pool of innovative thinking and knowledge.

In that regard, the Committee is very interested in the possibility that the use of computer aided design, manufacturing, and engineering will permit smaller contractors to be more involved in NASA projects traditionally dominated by a relatively small group of large contractors. The Committee requests that the agency, within 6 months, report to the Committee on the use of computer aided systems to reduce costs, and increase efficiency.

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The Committee in making its difficult decisions relating to specific programs has attempted to move forward the orbital manuevering vehicle so that it will be operational when the Hubble space telescope will require servicing. The Committee has funded both the solar optical telescope [SOT] and the advanced communications technology satellite [ACTS] at the maximum level prudent within existing budget constraints. The Committee believes that NASA should have previously identified the solar optical telescope as a new start. The Committee does not now want to penalize this important space physics program which represents the largest science facility that NASA currently plans to operate from the shuttle. The launch date of 1990 can still be supported with the recommended funding level. The Committee has also funded the advanced communications technology satellite at a level that will permit a launch at the end of 1989. ACTS is unique in that roughly 22 percent of the total program cost will be contributed by private industry and associated experiments.

The Committee is supportive of the NASA efforts in aeronautics and space technology such as the Advanced Turboprop Program and the Rotary Engine Development Program. Although the Committee is not making any specific funding recommendations it will closely monitor the performance of these programs, the adequacy of NASA's level of commitment to ensure timely development of these technologies, and the Committee shall reevaluate its position for fiscal 1987.

In keeping with prior year practice, the Committee has deleted program caps contained in the House bill.

The Committee has monitored the progress of the Gravity Probe B Program over a considerable period of time. It has as its objective the addressing of the pure science question of how to test Einstein's general theory of relativity by means of orbiting gyroscopes. Most recently a flight development program using a shuttle flight to verify the functioning gyroscopes and magnetic shielding prior to the flight of the system as a free flyer. The Committee urges NASA to continue support of the definition phase with the view toward a flight test fiscal year 1990–91 time period.

The Committee has noted with interest the increasing private sector entrepreneurial activity by firms engaged in developing space hardware and services through privately funded investment, without Federal appropriations. This trend should be encouraged as a means of enlarging an important new field of industrial innovation and development and leveraging, under certain circumstances, tight Federal budgets for new space projects with private funds. To this end, the Committee encourages NASA to examine technical, legal, and procedural barriers to private funding initiative for developing and marketing space hardware and services. The Committee requests NASA to investigate and report, before submission of its fiscal year 1987 budget, on the various opportunities for supporting private initiatives on projects currently under consideration as new start candidates including Space Transportation System capability enhancement, space station components, microgravity processing, and other potential new line items.

The Committee has been advised of the programmatic, research, and professional activities of national significance being conducted at the Florida Agricultural and Mechanical University College of Pharmacy. This institution has concentrated research emphasis on matters closely related to the activities of NASA and the National Institutes of Health in the area of chronophysiology and chronopharmacology. These research efforts may have significant impact on space travel, spacelabs, as well as transmeridian air flights while on Earth.

The Committee, therefore, directs NASA to examine the research and training activities being conducted at Florida A&M University College of Pharmacy, and make recommendations as to how these efforts could augment the ongoing life science and health programs of the agency.

SPACE FLIGHT, CONTROL, AND DATA COMMUNICATIONS

1985 appropriation	$3,601,800,000
1986 budget estimate	3,509,900,000
House allowance	3,402,900,000
Committee recommendation	3,412,900,000

The Committee recommends an appropriation of $3,412,900,000 in fiscal year 1986 for the space flight, control, and data communications activities. This amount is $97,000,000 less than the budget estimate and $10,000,000 more than the House allowance.

PROGRAM DESCRIPTION

The space flight, control, and data communications appropriation provides for the production and operational activities for the space transportation system and the tracking, telemetry, command, and data acquisition support of all NASA flight projects.

Space transportation system.—Shuttle production and operational capability and space transportation operations are the key elements of the space transportation system that are contained within this appropriation. The Shuttle Production and Operational Capability Program provides for the national fleet of space shuttle orbiters including main engines, launch site and mission operational control requirements, initial structural and operational spares, production tooling, and related supporting activities. In 1985, Columbia (OV-102) will undergo a major modification process that will strengthen the internal structure and provide Columbia with greater vehicle load-carrying capability. Atlantis (OV-104) was delivered in April 1985. Discovery (OV-103) is presently planned to be used for the first west coast launch in 1986. Other major activities planned for fiscal year 1986 include: continued improvement and testing of the space shuttle's main engines to increase their durability and reliability at full power level, fabrication of engines and spare components to support the planning flight rate buildup to 24 per year, the ongoing fabrication of the various major structural spares (such as the wings), and the initial launch of the filament wound composite motor case for the solid rocket booster. Launch and mission support activities at the Kennedy Space Center will be enhanced to meet the

increased flight rate of up to 20 east coast launches per year. During 1986, a second launch pad and third mobile launch platform will be activated. The Space Transportation Operations Program provides the standard operational support services for the space shuttle and the expendable launch vehicles.

Within shuttle operations, external tank and solid rocket booster flight hardware is provisioned, overhauled, and repaired and the manpower, propellants, and other materials are furnished to conduct both flight and ground (launch and landing) operations.

The Space Shuttle Operations Program provides for the launch of NASA, Department of Defense, other U.S. Government, domestic commercial and international missions on a reimbursable basis. The fiscal year 1986 budget supports 14 launches with the flight rate continuing to build consistent with increased demands for launch and operational services by users. The NASA Expendable Launch Vehicle Program (Scout, Delta, Atlas, Centaur, and Atlas F) will be completely funded on a reimbursable basis in 1986. The Delta Program will continue to support the last two launches currently scheduled through 1986. The Atlas Centaur Program includes two international missions planned for 1985 and three Government missions planned through 1987.

Space tracking and data acquisition.—This program provides vital tracking, telemetry, command, and data acquisition support for Earth-orbital spacecraft, planetary missions, sounding rockets, balloons, and research aircraft. This support is currently provided by a worldwide network of NASA ground stations, and by the first of a system of three tracking and data relay satellites in geosynchronous orbit working with a single highly specialized ground station. Facilities are also provided to process into meaningful form the scientific, applications, and engineering data which are collected from flight projects. In addition to providing support to NASA flight programs in 1986, support is provided on a reimbursable basis for projects for the Department of Defense and other Government agencies, commercial firms, and other countries and international organizations engaged in space research endeavors.

COMMITTEE RECOMMENDATION

The Committee recommends $3,412,900,000 for this account. This is $97,000,000 less than the budget request and $10,000,000 more than the House allowance. The Committee has recommended no reductions in the funding for the space transportation system [STS]. While no additional resources above the budget have been provided this year in the spares program the Committee has not changed its conviction of the requirement for a fifth orbiter. The reduction of $97,000,000 from the budget request is composed of a reduction of $107,000,000 for a scheduled repayment to the Federal Financing Bank of principal owed for development of the Tracking and Data Relay Satellite (TDRSS) offset by a $10,000,000 increase for ground station support required by delays in establishing the TDRSS network.

CONSTRUCTION OF FACILITIES

1985 appropriation	$150,000,000
1986 budget estimate	149,300,000
House allowance	139,300,000
Committee recommendation	141,300,000

The Committee recommends an appropriation of $141,300,000 for facilities activities. This amount is $8,000,000 less than the budget estimate and $2,000,000 more than the House allowance.

PROGRAM DESCRIPTION

This appropriation provides for the contractual services for the design, repair, major rehabilitation, and modification of facilities; the construction of new facilities; minor construction; the purchase of land and equipment related to construction and modification; and advanced design related to facilities planned for future authorization.

COMMITTEE RECOMMENDATION

The Committee recommends $141,300,000 for the construction of facilities. This is $8,000,000 less than the budget request and $2,000,000 more than the House allowance. The Committee expects the agency to reprioritize all projects and activities within the account and make the proposed reduction from those activities that the agency deems of a lower priority. The Committee does not concur with the House directive that only space science facilities should be considered for reductions.

NASA has submitted a budget request for a project to modify propulsion test systems that are essential in meeting the cost effectiveness and extended life goals of the space shuttle main engine [SSME]. This project, the fundamental thrust of which the Committee supports, will provide an integrated subsystem test bed for hot firing of the SSME. The Committee is concerned, however, about the decision to modify a test stand for this purpose at the Marshall Space Flight Center rather than at the National Space Technology Laboratories, which was established for large engine testing at a Federal cost of over $300,000,000, and where an empty stand is available for modification. The Committee is further concerned about reports of expenditures from research and development funds to modify this stand.

The Committee has reduced the amount for this account by $8,000,000 from the budget request and directs that $6,500,000 of this reduction be taken from the test stand modification until the Committee has had a chance to review the proposal further.

The Committee recommends bill language which will continue the Agency's ability, in absence of specific advance statutory authorization, to enter into certain multiyear obligations for facilities if such arrangements must be executed before such statutory authorization can be provided. The Committee expects, however, that the Agency will seek Committee concurrence, as is current practice, prior to the use of this authority.

RESEARCH AND PROGRAM MANAGEMENT

1985 appropriation	$1,317,000,000
1986 budget estimate	1,387,000,000
House allowance	1,367,000,000
Committee recommendation	1,370,000,000

The research and program management appropriation supports the performance and management of research, technology, and test activities at NASA installations, and the planning, management, and support of contractor research and development tasks necessary to meet the Nation's objectives in aeronautical and space research. Specifically, this appropriation provides the technical and management capability of the civil service staff needed to conduct the full range of programs for which NASA is responsible; maintains facilities and laboratories in a state of operational capability and manages their use in support of research and development programs; and provides technical and administrative support for the research and development programs at NASA.

COMMITTEE RECOMMENDATION

The Committee recommends $1,370,000,000 for research and program management. This is $17,000,000 less than the budget request and $3,000,000 more than the House allowance. The Committee directs the Agency to take the reduction in nonpersonnel compensation and benefits object classes. The Committee requests a report from the Agency by October 1, 1985, indicating how the reduction would be arrived at.

The Committee last year added bill language establishing the NASA Advanced Technology Advisory Committee [ATAC] who were to report back to the Committees on Appropriations by April 1, 1985. The ATAC report was to identify promising advanced robotics or automation technologies, not in use in prior or existing spacecraft, totaling no less than 10 percent of the total development costs of the space station. The ATAC Committee is required to provide the Committees on Appropriations a semiannual report on the status and progress of automation and robotics activities in conjunction with the space station.

The Committee expects the ATAC group to provide a guide on how NASA is following the ATAC report as far as the expenditures made semiannually in the previously identified new and promising advanced robotics or automation technologies. Specifically, the Committee directs that obligations and outlays for automation and robotics in terms of dollars and percent of appropriated funds for the space station shall be contained in the reports delivered on April 1 and September 1 of each year to the Committees on Appropriations. The Committee further directs that the report shall be annotated to refer back to specific pages in the April 1, 1985, ATAC report and indicate which recommendation the obligation or outlay is fulfilling.

The Committee also recommends additional bill language which continues the flat per diem program of the Agency. A report on this experiment is expected before the end of fiscal year 1985, and the Committee believes it prudent to continue this test effort pending its full analysis and evaluation.

National Credit Union Administration

CENTRAL LIQUIDITY FACILITY

	Direct loan limitation	*Administrative expenses*
1985 limitation	($600,000,000)	($850,000)
1986 budget estimate	(600,000,000)	(850,000)
House allowance	(600,000,000)	(850,000)
Committee recommendation	(600,000,000)	(850,000)

The National Credit Union Administration Central Liquidity Facility [CLF] was created by the National Credit Union Central Liquidity Facility Act (Public Law 95–630) as a mixed-ownership Government corporation within the National Credit Union Administration. It is managed by the National Credit Union Administration Board and is owned by its member credit unions.

The purpose of the facility is to improve the general financial stabilty of credit unions by meeting their seasonal and emergency liquidity needs and thereby encouraging savings, support consumer and mortgage lending, and provide basic financial resources to all segments of the economy. To become eligible for facility services, credit unions invest in the capital stock of the facility, and the facility uses the proceeds of such investments and the proceeds of borrowed funds to meet the liquidity needs of credit unions. The primary sources of funds for the facility are the stock subscriptions from credit unions and borrowings.

The facility may borrow funds from any source, with the amount of borrowing limited by Public Law 95–630 to 12 times the amount of subscribed capital stock and surplus.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of $600,000,000 on the amount that may be borrowed from the public or any other source, except the Secretary of the Treasury, as proposed in the budget estimate. The Committee also recommends the budget estimate of $850,000 for the limitation on administrative expenses.

OPERATING FUND

Of the amounts available for obligation for the operating fund in 1986, not to exceed $3,071,000 shall be available for travel and transportation of personnel.

National Science Foundation

1985 appropriation	$1,501,792,000
1986 budget estimate	1,571,243,000
House allowance	1,523,855,000
Committee recommendation	1,539,650,000

The National Science Foundation was established as an independent agency by the National Science Foundation Act of 1950 (Public Law 81–507) and is authorized to support basic and applied research, science and technology policy research, and related scientific and science and

engineering education programs to promote the progress of science and engineering in the United States.

The Foundation supports fundamental and applied research in all major scientific disciplines, and engineering through grants, contracts, and other forms of assistance, such as cooperative agreements, awarded to more than 2,000 colleges and universities and to nonprofit organizations and other research organizations in all parts of the United States. The Foundation also encourages cooperative efforts by universities, industries, and Government.

NSF also supports major national and international science programs including the U.S. Antarctic Program and ocean drilling programs, as well as research and related activities in certain foreign countries funded with excess foreign currency owned by the United States.

The Foundation also supports, through contracts, five national astronomy centers and one National Atmospheric Research Center. The centers provide telescopes and other facilities needed for advanced research. The six centers are: The National Radio Astronomy Observatory at Green Bank, WV, which also operates the very large array radio astronomy facility near Socorro, NM; the Kitt Peak National Observatory at Tucson, AZ; the Cerro Tololo Inter-American Observatory in Chile; the National Astronomy and Ionosphere Center in Puerto Rico; the Sacramento Peak Observatory at Sunspot, NM; and the National Center for Atmospheric Research at Boulder, CO.

NSF is a leading Federal supporter of basic research at academic institutions. It is estimated that the Foundation provides approximately 28 percent of Federal support for basic research going to academic institutions. In some fields, NSF provides the dominant share of Federal basic research support, including almost 70 percent in ground-based astronomy, over 50 percent in environmental sciences, over 95 percent in environmental biology, over 50 percent in mathematics, and nearly 40 percent in engineering. The National Science Foundation operates no in-house laboratories. Except for administrative costs (approximately 5 percent) and operations support costs for the U.S. Antarctic Program (about 8 percent), over 99 percent of all Federal funds appropriated to NSF go directly to non-Federal performers of scientific and engineering research and science and engineering education activities.

RESEARCH AND RELATED ACTIVITIES

1985 appropriation	$1,301,912,000
1986 budget estimate	1,399,593,000
House allowance	1,347,205,000
Committee recommendation	1,363,000,000

The research and related activities appropriation provides support for the Foundation's science, engineering, policy, and international research programs and administrative expenses. Separate appropriations are made for the Science and Engineering Education Activities Program, the U.S. Antarctic Program, and for the Special Foreign Currency Program to fund certain scientific activities overseas.

The Foundation's Discipline Oriented Research Program is subdivided into the following activities; mathematical and physical sciences; engineering; astronomical, atmospheric, Earth and ocean sciences; and biological, behavioral, and social sciences. The program of scientific, technological, and international affairs and Advanced Scientific Computing Program are among the other research and related activities within this appropriation.

In fiscal year 1986, the Foundation will maintain broad support across the mathematical and physical sciences, with special emphasis on the mathematical services and strong experimental capability in all fields. Balance will also be maintained among individual research projects, special equipment programs, university laboratories, and national user facilities in accordance with scientific requirements. Special emphasis is given to the mathematical sciences in order to correct serious deficiencies in the support of graduate students and postdoctoral researchers. Research instrumentation and equipment of all types will be stressed throughout, including experimental computer research facilities at academic institutions and selected facility upgrading, such as improvements at the Cornell electron storage ring, construction of a cooler storage ring at the Indiana University cyclotron facility, and construction of the second phase of the Michigan State University superconducting cyclotron.

The program for engineering in fiscal year 1986 will continue to expand basic and applied engineering research, with increased emphasis on engineering research centers, and a special effort in engineering processes. Special emphasis will include experimental research in such areas as automated manufacturing, microstructures engineering, electromechanical engineering, and catalysis. Increased support for research equipment and young faculty will continue to be highlighted.

The biological, behavioral, and social sciences activity will place particular research emphasis on the following in fiscal year 1986: enhancing research in the chemistry and biology of life processes; plant biology, especially through the use of recombinant DNA techniques as research tools; cross-disciplinary research in areas related to biotechnology; ecological sciences, systematics, and population biology; application of powerful new techniques to the understanding of nervous system development, as well as the learning process; social science data base development, and utilization of methodologies; and provision of advanced research instrumentation, including multiuser equipment and support to refurbish marine and terrestrial laboratories.

In the astronomical, atmospheric, Earth, and ocean sciences program activity, NSF intends to give priority to astronomical instrumentation, including continuation of construction of a very long baseline array [VLBA] for radioastronomy, which will provide unmatched capability to probe the highly energetic nuclei of galaxies and quasars; to basic atmospheric research on local weather, chemical processes in the atmosphere, and climate change; to Earth sciences related to earthquakes, volcanos, and the structure and evolution of the continental crust; to ocean

research related to oceanic crustal dynamics and chemistry; and to continuation of an Ocean Drilling Program. Support is also included for national astronomy observatories and the National Center for Atmospheric Research. Operation of university and oceanographic institution research ships will also be supported, and geological and geophysical research in Alaska and elsewhere in the Arctic will continue.

The scientific, technological, and international affairs activity supports programs which cut across scientific and engineering disciplines and across institutional and international boundaries to provide unique services to the science and technology community. Here the National Science Foundation also employs joint management practice of integrating targeted programs with mainstream research activities to guarantee close involvement of expert scientists and engineers in the research components of special initiatives and international agreements. Activities planned in fiscal year 1986 include programs that: support basic research by small businesses; enhance work of U.S. researchers by facilitating their cooperation with foreign scientists; provide research and analysis on public policy issues pertaining to science and technology; maintain comprehensive data bases on the Nation's science and engineering resources; and extend greater research opportunities to all segments of the scientific community.

The advanced scientific computing activity provides high-quality access to advanced computational facilities to all segments of the science and engineering research community that are supported by NSF. This includes continued support of the establishment of national super computer centers and of interim centers to provide computer time until the new centers are in full operation, improvements in networks for user/center data transfers, improvement of productivity of software, and provision of time on experimental computers both to facilitate research and to improve the machines.

The program development and management activity provides for the operation, support management, and direction of all Foundation programs and activities and includes necessary funds to develop, manage, and coordinate NSF programs.

COMMITTEE RECOMMENDATION

The Committee recommends $1,363,000,000 for research and related activities. This is $36,593,000 less than the budget request and $15,795,000 more than the House allowance. The Committee also recommends an increase in the limitation on administrative expenses of the NSF to $72,000,000. This is an increase of $2,100,000 over the budget request and $257,000 more than the House allowance. The increase is principally related to travel expenses associated with program reviews of the Foundation.

The Committee is pleased with the new leadership and redirection being exhibited by the International Institute of Applied Systems Analysis [IIASA]. The Committee is also encouraged to learn that productive discussions are continuing between the Foundation and IIASA. There-

fore, the Committee encourages NSF to continue to pursue appropriate programmatic support for IIASA. The Committee does not agree with the flat earmark of $1,500,000 for operational support for the Institute as recommended by the House. The Committee, however, based on its perceptions of the unique capabilities and strengths of the Institute believe that its recommendation may result in actual support levels approaching, if not exceeding, the House earmark.

The Committee notes the progress of the Foundation's Ocean Drilling Research Program. Over the past few years the program has been revamped and reequipped with a state-of-the-art drilling vessel. Because program stability is an important factor in the success of any activity, the Committee has included language in the bill which permits NSF to continue its indemnification authority to cover the duration of the program's operations.

The Committee has stricken the House bill language to limit funding for the continuation of the very long baseline array at not to exceed $8,000,000 in fiscal year 1986. The Committee notes that a cap on funding for specific National Science Foundation research projects is a departure from past practice and a precedent which endangers the independence of the agency in pursuing scientific priorities. The Committee reiterates its strong support for the very long baseline array, which was recommended as the highest priority project in ground-based astronomy for the decade of the 1980's by the National Academy of Sciences Astronomy Survey Committee. The Committee, therefore, accepts the President's fiscal year 1986 budget request as the appropriate level of funding for the very long baseline array and recommends $11,500,000 as the minimum funding level to proceed with the project. This level of funding already represents a stretchout of the project by several years over the original proposal.

The Committee defers without prejudice a proposal to increase the amount for the Arctic Research Commission by $100,000 over the $300,000 provided in the administration's budget for fiscal year 1986.

The Committee recognizes that the supplemental appropriations bill recently agreed to by the Congress contains $100,000 to augment the startup of the Commission this year. With the late enactment of the fiscal year 1985 supplemental appropriations bill, some portion of the $100,000 provided for the Commission may be available for expenditure in fiscal year 1986. The Committee, therefore, believes it prudent to withhold final judgment on an increase to the fiscal year 1986 budget request of $300,000 at this time, but will consider additional needs of the Arctic Research Commission in conjunction with subsequent appropriations measures.

The Committee believes that the Foundation should continue to vigorously support the development of new methods of teaching science and mathematics. Thus, in spite of the need to hold down the growth in Federal expenditures, it supports increases for cognitive science research.

The Committee also believes it is critical that outdated research and undergraduate instrumentation be upgraded and that our scientific infrastructure be improved. Thus, in spite of a need for overall constraints on Federal expenditures, the Committee supports increases for instrumentation.

Finally, the Committee has been impressed with the success of the EPSCOR Program and recommends full funding of this program in fiscal year 1986.

U.S. ANTARCTIC PROGRAM ACTIVITIES

1985 appropriation	$110,080,000
1986 budget estimate	120,100,000
House allowance	115,100,000
Committee recommendation	115,100,000

The U.S. Antarctic Program supports national goals that include maintenance of the Antarctic treaty, insure the continent will continue to be used for peaceful purposes only, foster cooperative research to contribute to the solution of regional and worldwide problems, protect the environment and insure equitable and wise use of living and nonliving resources. This U.S. Scientific Research Program continues to be the principal expression of national interest and policy in Antarctica.

In fiscal year 1986, the Foundation will continue to support research intended to increase knowledge of the Antarctic continent and surrounding oceans by developing an understanding of the Antarctic ice sheets and the Antarctic physical, biological, geological, meteorological, atmospheric, chemical, and oceanographic processes. Emphasis will be given to increasing research in Earth sciences, glaciology, and oceanography. Also included in the fiscal year 1986 estimate is $5,000,000 to reimburse the Department of Defense for rework costs of two NSF owned ski-equipped LC-130 aircraft used in the program.

COMMITTEE RECOMMENDATION

The Committee recommends $115,100,000 for the U.S. Antarctic Program. This is $5,000,000 less than the budget request and the same as the House allowance. The $5,000,000 reduction from the budget request is associated with the previously planned Service Life Extension Program for the LC-130 aircraft used in the program. Because of litigation over the contractual arrangements made with the Department of Defense, it appears that the previously proposed plan cannot proceed as scheduled. In lieu thereof, NSF has proposed an interim upgrade of its aircraft which can be accommodated at lower cost.

SCIENCE AND ENGINEERING EDUCATION ACTIVITIES

1985 appropriation	$87,000,000
1986 budget estimate	50,550,000
House allowance	60,550,000
Committee recommendation	60,550,000

The Foundation's Science and Engineering Education Program is de-

signed to encourage the entrance of talented students into science and technology careers and to assist in providing all precollege students with a level of education in mathematics, science, and technology that reflects the needs of the Nation and is the highest quality attained anywhere in the world.

Graduate research fellowships provide support for the Nation's most able students to undertake graduate study in science and engineering. Each fellowship in fiscal year 1986 will provide a student stipend of $11,100 per year and a yearly cost of education allowance of $6,000 to the fellow's chosen institution. In fiscal year 1985, the National Science Foundation awarded 1,500 graduate fellowships of which approximately 160 were minority graduate fellowships. It is expected that approximately the same number of fellowships will be provided in fiscal year 1986.

The precollege subactivity is designed to enhance the status and professionalism of science and mathematics teaching as a career, encourage the development of cooperative relationships among all segments of society that can assist in the improvement of precollege science and mathematics education, encourage the development of quality instruction programs, incorporate the usage of computers and other new technologies, support research in teaching and learning, and identify new ideas and exemplary approaches to the long-term problems of continuing science and mathematics teacher education.

A program of Presidential awards for teacher excellence in science and mathematics was established in fiscal year 1983 and will be continued in fiscal year 1986. Approximately 100 distinguished secondary school teachers of science and mathematics annually are selected nationally from each State and other jurisdictions, such as the District of Columbia and Puerto Rico.

Local and regional teacher development activities and leadership activities for precollege teachers of science and mathematics further support the Foundation's efforts to enhance precollege teacher development.

COMMITTEE RECOMMENDATION

The Committee recommends $60,550,000 for science and engineering education activities. This is $10,000,000 more than the request and the same level as the House allowance.

The Committee remains concerned that increased efforts must be expended to attract more of our most promising students to careers in teaching science, mathematics, and engineering. It has been said that superior teachers of mathematics, science, and technology can motivate students to do well in their courses. In addition, they can stimulate students to take more advanced courses and thus consider technically or scientifically oriented careers. On the other hand, mediocre teachers may dampen the enthusiasm of good students and fail to recognize and stimulate the development of potential talent in other students. Therefore, a shortage of superior teachers must be considered a prime con-

tributing cause of decreasing student participation and achievement in mathematics, science, and technology.

The Committee has added $10,000,000 to the budget request for science and engineering education reflecting the concern over the quality and effectiveness of American science and technology education efforts. Approaching $3,000,000 of these funds are to support a congressional Merit Scholarship Program similar to the one in the Education for Economic Security Act. These resources should allow for up to 600 scholarships for promising undergraduate students who are attending institutions of higher education and who are pursuing teaching careers in science, mathematics, and engineering.

The Committee remains concerned that the NSF has yet to delineate a clear and widely supported strategy to target its limited resources toward activities which will yield demonstrable results in improving the quality of science and mathematics education in the Nation. In terms of both national security and economic competitiveness in a global marketplace, this Nation cannot afford to permit its clearly declining trend in excellence to continue.

The Committee, in its most urgently expressed and considered judgment, reaffirms its commitment to reversing the decline in science and mathematics education in America. To this end, the Committee renews its directive to the Foundation to more clearly focus its program, and to maximize its limited resources toward measurable improvements in the educational systems of the Nation.

SPECIAL FOREIGN CURRENCY PROGRAM (SCIENTIFIC ACTIVITIES OVERSEAS)

1985 appropriation	$2,800,000
1986 budget estimate	1,000,000
House allowance	1,000,000
Committee recommendation	1,000,000

The National Science Foundation supports or manages scientific research and related activities in India, Pakistan, and Poland by using U.S.-owned foreign currencies designated by the Department of the Treasury as excess to normal U.S. governmental requirements. Through the use of such special foreign currency, NSF provides support for scientific activities of benefit to the United States and to the participating foreign countries without exporting dollars. The objectives of the program are pursued primarily through grants for cooperative research and related activities by United States and foreign scientists and institutions. Funds requested in fiscal year 1986 will support participation of U.S. scientists and engineers in research cooperation with Pakistan and limited participation in the United States-Poland Joint Board.

COMMITTEE RECOMMENDATION

The Committee recommends $1,000,000 for the Special Foreign Currency Program during fiscal year 1986. This is the same as the budget estimate and the House allowance.

NEIGHBORHOOD REINVESTMENT CORPORATION

1985 appropriation	$15,512,000
1986 budget estimate	14,669,000
House allowance	17,669,000
Committee recommendation	16,669,000

The Neighborhood Reinvestment Corporation was created by the Neighborhood Reinvestment Corporation Act (title VI of the Housing and Community Development Amendments of 1978, Public Law 95–557, Oct. 31, 1978). The Corporation, through the Neighborhood Housing Services [NHS] Program improves the quality of life in NHS neighborhoods for current residents, exerts a long-term stabilizing influence on the neighborhood business environment, reverses neighborhood decline and reduces the risks of doing business in the neighborhood. NHS programs have been positively impacting urban neighborhoods for several years. More recent experience is also demonstrating the success of this approach in rural communities—when given the availability of adequate resources.

In 1985, the Corporation plans to continue developing NHS programs in a limited number of additional cities; providing assistance to and assisting NHS's with designing and implementing the individual plans and strategies needed to accomplish their particular goals leading to the neighborhood becoming self-reliant. Ongoing technical services (training, internal systems analyses, interim staffing, et cetera), previously available to NHS's upon request, will be provided to the extent that resources allow; selecting neighborhood preservation projects for support, monitoring, and evaluation; and replicating promising strategies and mechanisms in other localities.

The Corporation also plans to continue NHS programs expanding to additional neighborhoods.

As a result of Neighborhood Reinvestment's research and development efforts, numerous neighborhood preservation mechanisms and strategies have been instituted in communities throughout the United States, and additional complementary programs are in development. Three types of complementary programs are particularly worthy of note: the Apartment Improvement Program [AIP], the Owner Built Housing Program, and the Mutual Housing Association demonstration.

The AIP revitalizes neighborhoods for the benefit of current residents with particular emphasis on privately owned apartment buildings. Through the use of a computerized real estate investment analysis model a financial analysis of the current and projected operations of each selected building is studied. An individually tailored improvement plan is developed for each building, including such activities as tenant participation, contemporary tax assessment review, repair and modernization, and increased investment or restructured mortgages to improve the economic viability of the buildings and to finance improvements. Recent reductions in interest notes have permitted a substantial increase in AIP activity.

The Owner Built Housing Program addresses the severe shortage of affordable, quality housing facing moderate income families in NHS neighborhoods. This program enlarges homeownership opportunity by enabling families collectively to build their own homes, with supervision, coordination, and technical assistance provided by the NHS. This program has resulted in the production of single-family homes for as little as half the market value.

The Mutual Housing Association demonstration, based upon a highly effective Western European model, is designed to create prototypes of publicly accountable competent, private nonprofit organizations committed to continued annual production of new and rehabilitated housing at costs affordable to families and individuals typical of NHS neighborhoods. A detailed report, "A Progress Report to the United States Congress on the Mutual Housing Association National Demonstration," provides further information.

The Corporation will continue to provide fundraising counseling to NHS programs throughout the country, utilizing the assistance of Neighborhood Housing Services of America [NHSA], a private, nonprofit, State chartered, tax exempt corporation established to give added private sector strength to the NHS Program. NHSA provides fund-raising training seminars for NHS programs, direct fundraising counseling to NHS programs toward individual fundraising goals, and hands-on management of local, regional, and statewide fundraising campaigns. Additionally, NHSA is raising social investment capital in support of the NHS secondary market, and is administering a $25,000,000 master commitment purchase contract with the Federal National Mortgage Association providing for the purchase of AIP rehabilitation loans. Considerable progress has been made in the development of sound investment commitments. NHSA's capacity to keep pace with NHS secondary market needs with primary reliance on private, rather than Neighborhood Reinvestment, resources, however, is constrained by a difficult fundraising environment and an overriding need for local fundraising assistance.

COMMITTEE RECOMMENDATION

The Committee recommends $16,669,000 in new budget authority for the Corporation. This is $1,157,000 more than the Corporation's fiscal year 1985 enacted level, $2,000,000 more than the budget request, and $1,000,000 less than the House allowance. The Committee strongly believes that the strength of the NRC program is its ability, through technical assistance, to encourage local groups to secure local resources to revitalize communities. Therefore, no funds are recommended for financial assistance for specific demonstrations.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

1985 appropriation	$27,780,000
1986 budget estimate	27,664,000
House allowance	27,780,000
Committee recommendation	27,780,000

The Committee recommends an appropriation of $27,780,000 for the salaries and expenses of the Selective Service System. This is $116,000 more than the budget estimate and the same as the House allowance.

PROGRAM DESCRIPTION

The Selective Service System was reestablished by the Selective Service Act of 1948. The basic mission of the System is to be prepared to supply to the Armed Forces manpower adequate to insure the security of the United States during a time of national emergency. Since 1973, the Armed Forces have relied on volunteers to fill military manpower requirements. However, the Selective Service System remains the primary vehicle by which men will be brought into the military through the reinstitution of the draft if mobilization occurs and if the legislative bar to reinstituting the draft is lifted.

Registration was reinstituted in July 1980. In January 1982, the President reaffirmed the need for young men to register with Selective Service in order to save critical time in mobilization during an emergency.

Registration improvement is an integral part of the Selective Service efforts to maintain high compliance percentages. Since the reinstitution of registration in July 1980, Selective Service has been faced with the need to reestablish public awareness of registration requirements and to perform this important task with limited personnel and only part-time staff at the State and local level. Selective Service has mounted an intensive public information campaign designed to inform young men of their obligation to register and the consequences of not doing so. The Selective Service is utilizing its resources in continuing promotional activities to keep registration information in the public eye.

In an effort to identify young men who have not registered, Selective Service is carrying out a Compliance Program. Procedures have been developed for matching computerized records of registrants with those of the Social Security Administration, the Veterans' Administration, and the department of motor vehicles within the various States and territories, and other agencies in the public and private sectors. Eligible men, not in Selective Service or active military files, are identified as suspected nonregistrants. Once identified, they are invited to register or provide information as to why they are not required to register. If they fail to do so, their names are turned over to the Department of Justice for appropriate enforcement action.

During fiscal year 1984, initial testing of the registrant information and management systems [RIMS] Manual was completed. These tests were conducted utilizing personnel and equipment from national headquarters, the Alexandria, VA, data center and the data management center [DMC] in Chicago, IL.

The initial testing of the registrant processing procedures was to determine whether the major operational functions meet the needs of Selective Service. Among the functions tested were the filing of claims, filing of appeals, volunteering for induction, scheduling personal appearances, granting postponements and reclassifications effecting local board assignment transfers and updating registrant records.

The prototype area office at national headquarters provided a realistic environment for a test of the field elements most directly involved in registrant processing. The office utilized the area office terminal system to test and simulate RIMS operations, as well as day-to-day area office operations.

COMMITTEE RECOMMENDATION

The Committee recommends $27,780,000 for the Selective Service System. This is $116,000 more than the budget request and the same as the House allowance.

The Committee recommendation will permit the Selective Service System to accommodate previously unanticipated expenditures such as the change in the postal rate for acknowledgment letters and additional telephone capacity.

Language contained in previous appropriations acts prohibiting funds from being used to induct any person into the armed services is being continued in fiscal year 1986.

DEPARTMENT OF THE TREASURY

PAYMENTS TO LOCAL GOVERNMENT FISCAL ASSISTANCE TRUST FUND

1985 appropriation	$4,566,700,000
1986 budget estimate	4,566,700,000
House allowance	3,425,025,000
Committee recommendation	4,566,700,000

The Local Government Fiscal Assistance Trust Fund provides revenue-sharing payments to localities to supplement local revenue sources. Payments to localities are made quarterly. Currently, 39,237 units of general-purpose local governments are eligible to receive revenue-sharing funds: 3,106 counties, 19,084 municipalities, 16,711 towns and townships, and 336 Indian tribes and Alaskan Native villages.

Distribution of the funds is based on population, tax effort, and per capita income. Local jurisdictions are allowed to use the funds for any purposes for which they can legally use revenues generated locally.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $4,566,700,000 for payments to the Local Government Fiscal Assistance Trust Fund. This is the same level proposed in the budget request and provided in fiscal year 1985, but is $1,141,675,000 more than the House allowance.

The Committee recommendation deletes House language which terminates the final fourth quarter payment of revenue-sharing assistance

in fiscal year 1986. Pending enactment of legislative changes under the jurisdiction of the appropriate authorizing committees of the Congress, the Committee believes that such reductions made in the appropriations bill are premature.

Office of Revenue Sharing, Salaries and Expenses

1985 appropriation	$7,941,000
1986 budget estimate	8,000,000
House allowance	8,000,000
Committee recommendation	7,800,000

The Office of Revenue Sharing was established in 1972 for the purpose of implementing the State and Local Fiscal Assistance Act of 1972, which was amended and extended through September 30, 1986, by the Local Government Fiscal Assistance Act of 1983 (Public Law 98–185). Specifically, the Office of Revenue Sharing is responsible for correctly computing and distributing revenue-sharing funds and maintaining adequate controls to insure the integrity of the trust funds; supplying adequate information, data, and technical assistance to all recipients to assure compliance with the act; improving the quality of State and local audits to eliminate noncompliance with audit requirements; insuring compliance with the nondiscrimination and public participation provisions of the act; and, at regular intervals, reporting to Congress, recipient governments, and the general public.

COMMITTEE RECOMMENDATION

The Committee recommends $7,800,000 for salaries and expenses of the Office. This is $200,000 less than the budget request and the House allowance.

Veterans Administration

COMPENSATION AND PENSIONS

1985 appropriation	[1] $13,992,900,000
1986 budget estimate	14,160,800,000
House allowance	14,160,800,000
Committee recommendation	14,160,800,000

[1] Excludes program supplemental of $175,000,000.

The Committee recommends an appropriation of $14,160,800,000 for compensation and pensions. This is the same as the budget estimate and the House allowance.

PROGRAM DESCRIPTION

Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. The amount of compensation is based upon the impact of disabilities on earning capacity. Death compensation or dependency and indemnity compensation is payable to the surviving spouses and dependents of veterans whose deaths occur while on active duty or result from service-con-

nected disabilities. A clothing allowance is also provided for service-connected veterans who use a prosthetic or orthopedic device.

The Veteran's Compensation and Program Improvements Amendments of 1984 (Public Law 98–223) increased both disability compensation for service-disabled veterans and dependency and indemnity compensation to surviving spouses and children by 3.5 percent, effective April 1, 1984.

The Veterans Benefits Improvement Act of 1984 (Public Law 98–543) increased both disability compensation for service-disabled veterans and dependency and indemnity compensation to surviving spouses and children by 3.2 percent, effective December 1, 1984, at a cost of $263,400,000. It also established a pilot program that offers vocational retraining, where practical, to those veterans who have recently received a total disability rating.

Pensions are an income security benefit payable to needy wartime veterans who are precluded from gainful employment due to nonservice connected disabilities which render them permanently and totally disabled. Veterans 65 years of age or older are excluded from the permanent and total disability requirement in determining eligibility. Death pensions are payable to needy surviving spouses and children of deceased wartime veterans. The rate payable for both disability and death pensions is determined on the basis of the annual income of the veteran or his survivors.

The Veterans Benefits and Improvement Act of 1984 (Public Law 98–543) provides for a pilot program of vocational retraining for new pensions recipients under the age of 50. Those over age 50 would be permitted to apply for training.

The Veterans and Survivors' Pension Improvement Act of 1978 (Public Law 95–588) reformed the Pension Program and provided for automatic annual cost-of-living increases comparable to annual Social Security increases for those pensioners in the improved program and to parents receiving dependency and indemnity compensation. The increase for fiscal year 1984 was 3.5 percent.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $14,160,800,000 for compensation and pensions. This amount is the same as the budget estimate and the House allowance. The estimated caseload and costs by program for 1985 and 1986 are as follows:

	1985 #	1986	Difference
Caseload:			
Compensation:			
Veterans	2,243,000	2,227,100	- 15,900
Survivors	339,100	335,000	- 4,100
Pensions:			
Veterans	710,600	676,100	- 34,500
Survivors	775,400	710,900	- 64,500
Burial allowances	124,000	121,000	- 3,000
Funds:			
Compensation:			
Veterans	$8,167,770,000	$8,233,906,000	+ $66,136,000
Survivors	1,907,768,000	1,952,094,000	+ 44,326,000
Pensions:			
Veterans	2,535,421,000	2,549,900,000	+ 14,479,000
Survivors	1,312,400,000	1,286,300,000	- 26,100,000
Vocational training	600,000	1,800,000	+ 1,200,000
Burial benefits	127,947,000	130,691,000	+ 2,744,000
Other assistance	6,053,000	6,109,000	+ 56,000
Miscellaneous adjustments	- 65,059,000		+ 65,059,000
Total, appropriation	13,992,900,000	14,160,800,000	+ 167,900,000

The administration has again proposed dividing the compensation and pensions appropriation into three separate accounts: compensation, pensions, and burial benefits and miscellaneous assistance. The Committee has again disapproved this proposal and recommends $14,160,800,000 in a single compensation and pensions appropriation in fiscal year 1986.

The fiscal year 1986 compensation and pensions budget request does not include funds for proposed compensation cost-of-living increases. The Committee recognizes that supplemental funding may be necessary when the final disposition of proposed legislation is known.

READJUSTMENT BENEFITS

1985 appropriation	$1,137,800,000
1986 budget estimate	1,026,000,000
House allowance	1,026,000,000
Committee recommendation	826,000,000

The readjustment benefits appropriation finances the education, and training of veterans and servicepersons whose service occurred at least in part, between February 1, 1955 and December 31, 1976, (post-Korean and Vietnam-era veterans). It also finances educational assistance allowances for eligible dependents of those veterans who died from service-connected causes or have a total permanent service-connected disability as well as dependents of servicepersons who were captured or missing in action. In addition, certain disabled veterans are provided with vocational rehabilitation, specially adapted housing grants, and automobile grants with associated approved adaptive equipment.

Public Law 98–543 increased subsistence allowances for Vietnam era veterans, dependents, and vocational rehabilitation trainees by 10 per-

cent, effective October 1, 1984. It also increased the maximum grants allowable for automobiles and specially adapted houses, effective January 1, 1985, and established a vocational rehabilitation pilot project for certain veterans with a total disability resulting from an individual unemployability rating. The total cost of this legislation is $109,100,000 in 1985 and $94,000,000 in 1986.

COMMITTEE RECOMMENDATION

The Committee recommends $826,000,000 for readjustment benefits for fiscal year 1986. This is $200,000,000 less than the budget request and the House allowance.

The recommended amount is based on the following assumptions:

	1985	1986	Difference
Number of trainees:			
Education and training:			
Post-Korean conflict veterans and servicepersons	399,800	318,100	-81,700
Dependents	59,900	50,400	-9,500
Special assistance to disabled veterans: Vocational rehabilitation	29,200	28,400	-800
Total	488,900	396,900	-92,000
Funds:			
Education and training:			
Post-Korean conflict veterans and servicepersons	$832,745,000	$656,232,000	-$176,513,000
Dependents	136,620,000	115,053,000	-21,567,000
Trust fund: Peacetime supplemental education assistance	100,000	8,300,000	+8,200,000
Special assistance to disabled veterans			
Vocational rehabilitation	117,940,000	116,355,000	-1,585,000
Housing grants	12,575,000	12,460,000	-115,000
Automobiles and other conveyances	3,636,000	3,250,000	-386,000
Adaptive equipment	9,146,000	9,250,000	+104,000
Unobligated balances and other adjustments	25,038,000	-94,900,000	-119,938,000
Total appropriation	1,137,800,000	826,000,000	-311,800,000

VETERANS INSURANCE AND INDEMNITIES

1985 appropriation	$11,000,000
1986 budget estimate	9,750,000
House allowance	9,750,000
Committee recommendation	9,750,000

The veterans insurance and indemnities appropriation is made up of the former appropriations for military and naval insurance, applicable to World War I veterans; National Service Life Insurance, applicable to certain World War II veterans; and Servicemen's indemnities, applicable to Korean conflict veterans.

COMMITTEE RECOMMENDATION

The Committee recommends $9,750,000 for veterans insurance and indemnities in fiscal year 1986. This is the same amount as the budget estimate and the House allowance. This will cover the cost to various insurance funds for claims traceable to the extra hazards of service and death claims on policies under waiver of premiums while the insured is on active duty.

MEDICAL CARE

1985 appropriation	$8,792,165,000
1986 budget estimate	9,292,974,000
House allowance	9,368,694,000
Committee recommendation	9,358,694,000

The Veterans Administration [VA] operates the largest Federal medical care delivery system in the country, with 172 hospitals, 16 domiciliaries, 116 nursing homes, and 228 outpatient clinics. It is estimated that the VA medical care system will treat over 1.4 million patients in fiscal year 1986 and that approximately 19.1 million outpatient medical and dental visits will be made to VA and community health care facilities.

This appropriation provides for medical care and treatment of eligible beneficiaries in VA hospitals, nursing homes, domiciliary, and outpatient clinic facilities; contract hospitals; State home facilities, on a grant basis; contract community nursing homes; and through the hometown outpatient program on a fee basis. Hospital and outpatient care also is provided for certain dependents and survivors of veterans under the Civilian Health and Medical Program of the VA [CHAMPVA]. The medical care appropriation also provides for training of medical residents and other personnel in health science fields to support the agency's and the Nation's health manpower demands.

COMMITTEE RECOMMENDATION

The Committee recommends $9,358,694,000 for the "Medical care" account. This is $65,720,000 more than the budget estimate, $566,529,000 above the fiscal year 1985 appropriation, and $10,000,000 less than the House allowance.

The VA originally requested $9,090,000,000 to support a staffing level of 192,048 for medical care in fiscal year 1986. The request has been increased by $202,974,000 to a new level of $9,292,974,000 to reflect the restoration of the proposed 5-percent reduction in pay.

The House-Senate conferees on the 1985 supplemental appropriations bill (H.R. 2577) agreed to provide the VA "Medical care" account $80,000,000 above the budget request with the proviso that the funds only be used for hiring medical care staffing not ground or building maintenance staff above the level previously planned.

Although the $80,000,000 was added to allow the VA to support 193,941 staff years, the conferees recognized that this was not possible during the several weeks remaining after the supplemental bill would be signed into law. The VA was, therefore, directed that any funds

carried forward into fiscal year 1986, outside of funds utilized for restoration of equipment funds, would be used for fiscal year 1986 funding required to support an average employment of 193,941.

The Committee agrees with the House that sufficient resources should be provided to fund 193,941 FTE for fiscal year 1986. The Committee feels that the staffing in the "Medical care" account should be maintained at this level over the next several years of predicted significant budget deficits. Congressional support of this level will permit the VA to do some long-term planning of resources without having to adjust staffing levels up or down annually.

The Committee noted in Senate Report 99–82 that the $50,000,000 transferred by the VA in March from equipment to personnel services to augment staffing levels would permit an increase of approximately 1,000 FTE in fiscal year 1985 above the revised agency estimate for 1985. This will use up between $30,000,000 and $40,000,000 of the transfer assuming the VA heeds the Committee's restriction on using funds for medical staffing, not ground or maintenance staff.

It is anticipated that the $80,000,000 in supplemental funds will not be available until mid-August 1985. At that point in time $30,000,000 to $40,000,000 would be used to replace equipment money and the remainder would be available to reduce the additional fiscal year 1986 congressional addition to achieve the 193,941 staffing level. Since it is not possible to anticipate the detail staffing actions of 172 medical centers and the satellite out-patient clinics, the Committee will assume only $30,000,000 of the supplemental appropriation will be carried over into fiscal year 1986. To this sum, the Committee is providing $45,720,000 in fiscal year 1986 funding to achieve the 193,941 staffing level. The Committee directs the VA to fence any additional fiscal year 1985 carryover above the $30,000,000 and develop a plan for the Committees on the use of the additional funds. None of these additional carryover funds are to be expended in fiscal year 1986 until the Committees on Appropriations have approved the VA's plan detailing their utilization.

The Committee is also providing an additional $20,000,000 of funding under medical care equipment to be identified as a separate activity which cannot be used for or transferred to other medical activities.

The Committee directs the VA to establish a separate activity for the purchase of advanced technology medical equipment in excess of $500,000. (VA to have exclusive ownership). If after the first 2-year evaluation of this activity the program proves to be beneficial to the VA, the Committee intends to expand from the purchase of equipment to also include for the installation of the new advanced technology medical equipment in new or existing VA medical centers. The funding provided for this activity is in addition to the funding provided in the medical care appropriation for the purchase of medical equipment for VA medical facilities.

The Committee is aware that budget constraints have limited the VA's ability to acquire and install widely throughout its health care system advanced medical equipment which has become increasingly so-

phisticated and expensive. For example, in 1984, the VA purchased two magnetic resonance imaging units at a price of $1,500,000 each and the cost of construction to house these instruments was an additional $1,500,000 at each site. Consequently, if VA beneficiaries and communities are to derive the benefits of costly new technology, VA medical centers and community medical institutions will have to share access as well as the acquisition cost if such medical equipment is to be affordable and available.

The establishment of this new mechanism is viewed as a pilot program and is in addition to existing VA programs such as the sharing of specialized medical resources with medical schools, hospitals, and other health care facilities authorized by section 5053 of title 38, and the sharing of health care resources between the VA and the Department of Defense authorized by section 5011 of title 38. Instead, the purpose of this funding is to help the VA to acquire costly, advanced state-of-the-art medical equipment more easily and to provide a means of using that equipment to maximum effectiveness by encouraging long-term sharing with community institutions. The $20,000,000 in that activity is made available to the VA for the purchase of medical equipment in excess of $500,000 and permitting installation at VA facilities only if institutions or community organizations seeking shared access to that equipment or donors commit themselves to financing 50 percent of the acquisition costs. The Committee recognizes that there are limits to what medical communities and the Federal Government can individually accomplish, but believes that this proposed arrangement will provide VA beneficiaries and VA medical centers and community medical institutions with access to prohibitively expensive major medical equipment which would otherwise not be available to either.

The Committee notes with concern the application of the Grace Commission recommendations on pay and grade reductions of GS/GM 11 to 15 mid-level supervisory positions within the medical care services of the VA. The Committee is aware that title 38 health care practitioners have been exempted from the plan's implementation. The Committee believes that the VA health care delivery system may be adversely affected by the grade reductions of the VA health care practitioners within title 5 which are not being applied only to supervisory personnel. Biologists, hematologists, nuclear medical technicians, psychologists, pharmacists, and social workers are among those affected.

The Committee is concerned about the resulting effect upon the quality of health care if significant numbers of these skill health care professionals seek employment outside the VA system.

The Committee is concerned that all VA health care practitioners whether in title 38 or title 5 be treated equitably and suggests they both be exempted from staff and grade reductions.

The Committee commends the VA for its efforts in recent years to enhance the energy efficiency of its facilities and expects continuing progress in reducing energy expenditures. In the Department of Medicine and Surgery last year, energy expenditures totaled over $182,000,000.

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Even if the VA could achieve only an average 20-percent reduction at its facilities, the savings would total almost $40,000,000 per year.

The Committee directs the VA to initiate at least one energy services pilot test project at a typical hospital. The Committee expects the VA to expedite the initiation of the project, hopefully during the first half of fiscal year 1986. The Committee expects to receive monthly progress reports on the pilot project and the implications for the development of an expanded energy savings program should the pilot project indicate the savings potential that the Committee anticipates.

The Committee expects that the expanded program would contain a plan which includes preliminary site-specific inventories of all facilities to determine whether energy service contracts would be feasible and cost effective; a schedule for the timely implementation of energy services contracts at those facilities where they are feasible and cost effective; and recommendations for any changes in policies, regulations or laws necessary to carry out timely implementation of energy services contracts in the agency's facilities.

The Committee previously (S. Rept. 98–506) directed the VA to determine what constitutes adequate levels of personnel resources at seven VA medical centers which are associated with five recently established medical schools activated by Public Law 92–541. The Committee has reviewed the June 20, 1985, report. The report points out that of the subject hospitals, the Huntington, WV, Medical Center is the most severely understaffed, with a 23.7-percent staffing deficiency. The Committee mindful of this fact urges the VA to expedite the resolution of this inequity. The Committee understands that the VA has sent a task force to the Huntington Medical Center to verify the magnitude of the staffing problem. The Committee expects the agency to provide the Committee with an early indication of the action it expects to take along with any significant milestones by which to measure the progress.

The Committee directs that the VA conduct a study of physician staffing and earmarks up to $2,000,000 of the medical care funding for the performance of the study.

The Committee does not agree with the VA requested increase in the funding limitation on cost comparison studies and continues the limitation at the current $2,000,000 fiscal year 1985 level.

The Committee has followed the development of the concept of adult day health care services and notes that the VA has funded five programs at medical centers across the country. The Committee is supportive of any approach that holds the promise of reducing the high costs of having to construct and operate VA nursing home care units to provide for the Nation's elderly veterans. The Committee encourages the VA to acquire enough data so that a valid scientific comparison of the alternative approaches and their costs and effectivity can be made.

The Committee has experienced considerable frustration in its efforts to encourage the adoption of reformed planning procedures by the VA. The delay in development and implementation of an improved system

for determining priorities among proposed construction projects is a good example. Even where appropriate planning procedures are in place, however, the VA evidently has difficulty making timely decisions. The medical district initiated program planning [MEDIPP] recommendations for 1984 have still not been finalized. Apparently, the VA has decided that another level or levels of review should be superimposed on the existing MEDIPP process. As a result, projects given the highest priority by VA medical districts across the country are being held up while a VA Policy Board devises a new system. Among the projects being delayed are 10 urgently needed outpatient clinics for underserved areas in several States. The Committee directs the VA to avoid further unnecessary delay with respect to these clinics and expects the review of 1984 MEDIPP projects to be completed before submission of the fiscal year 1987 budget.

MEDICAL AND PROSTHETIC RESEARCH

1985 appropriation	$192,695,000
1986 budget estimate	191,370,000
House allowance	195,840,000
Committee recommendation	191,370,000

The appropriation recommended by the Committee provides funds for the conduct of the VA's Medical Research Program and for a Rehabilitation Research Program focusing on rehabilitation engineering problems in the field of prosthetics, orthotics, adaptive equipment for vehicles, sensory aids and related areas. The "Medical and prosthetic research" account also provides support for a Health Services Research Program at VA medical centers for improving the effectiveness and economy of delivery of health services and improving the accessibility of services to veterans.

The fiscal year 1986 estimate provides $3,800,000 for the Centers for Disease Control [CDC] to conduct an epidemiology study on the effects of agent orange and other dioxins on Vietnam-era veterans. The fiscal year 1985 appropriation provided $5,426,000 for the same purpose.

COMMITTEE RECOMMENDATION

The Committee recommends $191,370,000 for medical and prosthetic research. This is the same as the budget estimate and $4,470,000 below the House allowance. The Committee is pleased with the progress in the area of prosthetic research into voice-actuated robotic devices and urges the agency to continue with this effort. The Committee deletes $1,500,000 from the $3,800,000 request for the CDC study. Recent conversations with CDC indicate that increased efficiencies in the CDC management of the conduct of the study will permit the reduction from the original estimates. The Committee directs that the $1,500,000 be directed toward advancing the important research being conducted under the Prosthetic Research Program in the area of robotic aids for the disabled.

The Committee assumes that the $1,500,000 for robotic aids is used primarily for outside contracts (as is the case when the funding was to be provided for CDC). The bill includes $191,370,000 for medical and prosthetic research in fiscal year 1986. This amount will support an average employment of 4,348.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

1985 appropriation	$70,000,000
1986 budget estimate	57,119,000
House allowance	61,119,000
Committee recommendation	57,119,000

This appropriation provides funds for: (1) central office executive direction (Chief Medical Director and staff), administration and supervision of all VA medical programs, including development and implementation of policies, plans and program objectives as well as followup action to insure the accomplishment of goals; (2) Postgraduate and Inservice Training Program in support of continuing education for employees of various medical programs, including costs of tuition, travel, lecturer's fees, and training materials, and equipment; and (3) fulfilling previous commitments in the Health Professional Scholarships Grant Program for eligible students in nursing degree programs (no new grants will be made in 1986).

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $57,119,000 for Medical administration and miscellaneous operating expenses in fiscal year 1986. This is $4,000,000 below the House allowance.

The Committee is pleased to see that the VA continues to be actively involved in training graduate level interns to meet the needs of aged veterans. The Committee suggests that the Office of Academic Affairs consider placing increased emphasis on the training of interns in geriatrics including those in nonphysician disciplines.

The Committee believes significant progress has been made by the VA in the recruitment and retention of nurses. The Committee notes that during 1983 and 1984 the severe national nurse shortage has abated. The Committee believes the VA has made good use of the special pay provisions of Public Law 96–330 to make sure nurse salaries are competitive. The Committee recognizes that private sector employment patterns are changing due to the implementation of prospective reimbursement systems, and that nurse salary increases have moderated. Therefore, the Committee is providing only the level of funding necessary to fulfill previous scholarship commitments which is represented in the budget request.

GENERAL OPERATING EXPENSES

1985 appropriation	$750,454,000
1986 budget estimate	768,250,000
House allowance	760,547,000
Committee recommendation	760,060,000

This appropriation provides for the administration of nonmedical veterans benefits through the Department of Veterans Benefits; the operation and maintenance of 109 national cemeteries by the Department of Memorial Affairs; and top management direction and support through agency-level staff offices including the Office of Data Management and Telecommunications. Specifically, general operating expenses cover the following activities:

Veterans benefits.—This activity determines eligibility and adjudicates all claims for compensation, pensions, educational assistance, housing loan assistance, and insurance awards.

Memorial affairs.—This activity provides for the interment of eligible deceased servicepersons, discharged veterans, and dependents in national cemeteries and procures headstones and markers for graves of eligible active duty personnel as well as discharged veterans.

General administration.—This activity includes the executive direction of the agency and several top level supporting offices, plus the activities of the Board of Veterans Appeals, which decides all cases of appeals to the Administrator on claims involving benefits under veterans legislation, and the Board of Contract Appeals, which decides appeals on the contracts made by the VA.

COMMITTEE RECOMMENDATION

The Committee recommends $760,060,000 for general operating expenses in fiscal year 1986. This amount is $8,190,000 below the budget request and $487,000 less than the House allowance.

The following reflects the changes from the budget request:

+$450,000 for 15 FTE in the Office of General Counsel for judicial foreclosure activities.

+$360,000 to restore the proposed reduction of 9 FTE from the 1985 level of 389 in the Office of Inspector General.

−$9,000,000 reduction to be applied at the discretion of the VA to activities other than the Board of Contract Appeals and the Board of Veterans Appeals.

The Committee has reviewed the mission of the Vocational Rehabilitation and Counseling Service and is supportive of its role in providing services and assistance to enable veterans with service connected disabilities to achieve independence in daily living and to function in a suitable job. The Committee is supportive of the pilot programs undertaken by the VA under the provision of Public Law 98–543 regarding temporary programs of trial work and vocational rehabilitation for individuals deemed unemployable and of vocational training for certain new pension recipients. The Committee urges the VA to fully support this program from within the existing resources and personnel of the

Department of Veterans Benefits. Based on the continuing trend of reduced caseload within the Department of Veterans Benefits, the Committee would assume that individuals would be assigned to the conduct of the two pilot programs as other activity areas are contracted. The Committee has, therefore, deleted the House recommendation and used this reduction to partially offset increased funding recommended in the "Medical care" account.

The Committee has performed a review of the Office of Program Planning and Evaluation. This was a result of the House proposal to reduce this office by 21 FTE in fiscal year 1986. The Committee is supportive of the concept of an independent organization within the VA whose mission is to provide a critical objective evaluation of VA policies, programs, and operations. The Deputy Administrator of the VA has informed the Committee that there is no duplication of activities between the Program Planning and Policy Analysis Service and the Budget Service of the Office of Budget and Finance which are both under the Deputy Administrator. The Committee has restored the $903,000 and the 21 FTE in the Office of Program Planning and Evaluation that was deleted by the House.

CONSTRUCTION, MAJOR PROJECTS

1985 appropriation	$568,194,000
1986 budget estimate	417,200,000
House allowance	516,160,000
Committee recommendation	486,600,000

The construction, major projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition where the estimated cost of a project is $2,000,000 or more.

Emphasis is placed on correction of life/safety code deficiencies in existing VA medical facilities. Funds again are requested for the Design Fund which would provide working drawings for projects planned for the following budget year.

COMMITTEE RECOMMENDATION

A total construction budget of $666,600,000 is recommended. This consists of $486,600,000 in new budget authority and $180,000,000 from the working reserve. The appropriated amount is $69,400,000 above the budget request and $29,560,000 below the House allowance. It is $81,594,000 below the fiscal year 1985 level. The specific amounts recommended by the Committee contrasted with the budget request and the House allowance are as follows:

CONSTRUCTION, MAJOR PROJECTS, FISCAL YEAR 1986

[In thousands of dollars]

Facility type and location	Administration request	House recommendation	Senate recommendation
A. MEDICAL PROJECTS			
Replacement and modernization:			
Allen Park, MI, replacement and modernization		26,760	
Houston, TX, replacement and modernization	190,000	226,800	226,800
Mountain Home, TN, bed towers and renovation	59,000	59,000	59,000
Philadelphia, PA, clinical addition, renovation, and 240-bed nursing home care unit	12,000	110,400	101,600
Subtotal	261,000	422,960	387,400
Nursing home care facilities:			
Amarillo, TX, 120-bed nursing home care unit	6,500	6,500	6,500
Tucson, AZ, 120-bed nursing home care unit	6,800	6,800	6,800
Subtotal	13,300	13,300	13,300
Domiciliaries:			
Temple, TX, 408-bed replacement domiciliary	17,300	17,300	17,300
Wood, WI, renovate building 43 for domiciliary	6,400	6,400	6,400
Subtotal	23,700	23,700	23,700
Other improvements:			
Advance planning fund: Various stations	19,000	4,000	10,000
Asbestos abatement: Various stations	35,000	35,000	35,000
Design fund: Various stations	20,000	15,000	15,000
Subtotal	74,000	54,000	60,000
Clinical improvements:			
Big Spring, TX, renovate surgery	3,700	3,700	3,700
Togus, ME, clinical improvements building 200	30,700	30,700	30,700
Subtotal	34,400	34,400	34,400
Electrical improvements:			
Hampton, VA, electrical systems modernization	2,100	2,100	2,100
Long Beach, CA, upgrade secondary electrical distribution	5,300	5,300	5,300
Poplar Bluff, MO, electrical distribution system improvements	2,000	2,000	2,000
Subtotal	9,400	9,400	9,400
Fire and safety improvements:			
Chicago (West Side), IL, fire and safety and patient privacy improvements	6,600	6,600	6,600
Cleveland (Brecksville), OH, fire and safety improvements	2,700	2,700	2,700
Cleveland (Wade Park), OH, fire and safety improvements	5,200	5,200	5,200
Indianapolis, IN, fire and safety improvements	5,000	5,000	5,000
Jackson, MS, install sprinkler system	3,000	3,000	3,000

See footnotes at end of table.

CONSTRUCTION, MAJOR PROJECTS, FISCAL YEAR 1986—Continued

[In thousands of dollars]

Facility type and location	Administration request	House recommendation	Senate recommendation
A. MEDICAL PROJECTS—Continued			
Fire and safety improvements—Continued			
Knoxville, IA, fire and safety improvements	3,700	3,700	3,700
Topeka, KS, fire and safety, patient privacy and electrical improvements	10,000	10,000	10,000
Subtotal	36,200	36,200	36,200
General projects:			
Brooklyn (St. Albans Division), NY, modernize kitchen and satellite dining areas	4,800	4,800	4,800
Chicago (West Side), IL, renovation of buildings 11A and 11B, phase II	18,000	18,000	18,000
Coatesville, PA, new kitchen and dining hall	6,300	6,300	6,300
Durham, NC:			
Boiler plant	2,200	2,200	2,200
Parking garage	9,100		
Hines, IL, 180-bed psychiatric replacement facility	23,000	23,000	23,000
Lyons, NJ, renovate buildings 7 and 57	13,600	13,600	13,600
St. Louis (Jefferson Barracks Division), MO remodel building 53	9,900	9,900	9,900
Syracuse, NY, parking garage	7,900		
Tomah, WI, modernize buildings 403 and 404	6,100	6,100	6,100
Subtotal	100,900	83,900	83,900
Seismic:			
St. Louis (Jefferson Barracks Division), MO, seismic corrections	15,500	15,500	15,500
San Diego, CA, nonstructural seismic corrections	6,300	6,300	6,300
Subtotal	21,800	21,800	21,800
B. CEMETERY PROJECTS			
Florida, Develop 13,000 gravesites and construct administration building	6,500	6,500	6,500
Northern California, Land purchase	6,000		
Subtotal	12,500	6,500	6,500
Subtotal, major construction program	587,200	706,160	676,600
Less: Fiscal year 1985 design fund[2]	-10,000	-10,000	-10,000
Total, major construction program	577,200	696,160	666,600
Reprogrammings from prior appropriations	-160,000	-180,000	-180,000
Total construction, major	417,200	516,160	486,600

[1] Excludes funding for parking garage.
[2] This amount represents the design funding included in individual fiscal year 1986 projects which will be funded from the fiscal year 1985 design fund.

The major construction recommendation of the Committee is $666,600,000 in fiscal year 1986. This program level consists of an appropriation of $486,600,000 for construction, major projects and the use of $180,000,000 in savings from completed construction projects.

The increase of $69,400,000 above the budget request consists of the following changes:

+$89,600,000 for the clinical addition project at Philadelphia. This amount, together with the budget estimate and prior appropriation in fiscal year 1985, will provide full funding for the $128,100,000 estimated project with the exclusion of the funds for the parking garage. This parking garage together with the two parking garages in the budget estimate have all been deleted by the Committee.

+$36,800,000 for the replacement and modernization project at Houston. This amount, together with the budget estimate and prior appropriation in fiscal year 1985, will provide full funding for the $252,000,000 estimated project.

−$9,000,000 from the advanced planning fund.

−$5,000,000 from the design fund.

−$20,000,000 from the appropriation request due to an additional $20,000,000 savings available in the working reserve. This is in addition to the $160,000,000 of savings proposed to be utilized in 1986.

−$6,000,000 for land purchase of a cemetery in northern California. Funding for the land purchase will not be needed as it now appears that the land will be donated. Further, funding for construction is not needed until at least 1987 and can be considered in future budgets.

−$9,100,000 for the parking garage project at the Durham VAMC.

−$7,900,000 for the parking garage project at the Syracuse VAMC.

The Committee notes that the House has added funding for the design, site acquisition, and site funding of the Allen Park replacement and modernization project. The funding level is considerably in excess of the $8,000,000 VA budget request for site acquisition in fiscal year 1985. Last year the Committee deleted the funding for the project design without prejudice because the final site had not been selected by the VA. The VA has not yet selected the site and the Committee feels it would be premature and costly to provide design funding prior to site selection. The Committee notes that the funding remains deleted without prejudice and will address this issue when the VA selects the site for the construction of the replacement hospital.

The Committee has previously described its established policy of fully funding all major construction projects. With this in mind, the Committee is disappointed that the fiscal year 1986 VA budget request ignored this directive and proposed partial funding of the Houston project and Philadelphia project. The Committee directs the agency to request full funding for all construction projects. The Committee recognizes that the final design for all the larger projects and some of the more complex smaller projects may be funded 1 year prior to the remainder of the construction costs.

The Committee has modified a legislative provision introduced 2 years ago and updated last year. This provision now permits the VA to obligate funds from other accounts for the construction or alteration of a project funded in this account 1 year after substantial completion and beneficial occupancy by the VA of that project or any part thereof with respect to that part. Previously, the language restricted the VA from obligating funds from other accounts until 1 year after the final acceptance of the project by the VA. This language is intended to insure that the VA complies with the congressional intent when funds are appropriated for a major construction project. The intent is that a project which has been approved in the budget process and funded by an appropriation should be completed without the use of funds from any other source. If additional funds are required, the VA should request a supplemental appropriation or reprogram funds with congressional approval, rather than turning to another account.

The reason for this change results from the imprecise meaning of the term "final acceptance." It may be interpreted to mean either the time that the Government formally accepts the project, the time that the job is financially complete (final settlement), or the time that the Government actually occupies the building.

The new language, "substantial completion and beneficial occupancy by the VA of the project or any part thereof with respect to that part." gives a more precise definition of the event which will trigger the 1-year period which must elapse before any construction or alteration of a project may be funded from other accounts.

After the project is substantially completed, the contractor and the contracting officer sign a custody receipt. This constitutes formal acceptance of the work. Acceptance is the act by which the Government assents to ownership of the project for which it has contracted or approves the services rendered in performance of the contract. Under the terms of the custody receipt the contractor is still required to correct any remaining deficiencies and to honor the contractual guarantee requirements.

Beneficial occupancy means that the Government has taken possession of and is using the building, or a part of the building. Normally this occurs at the time of or very near the time the custody receipt is signed. In some unusual circumstances there may be a gap in the time between the custody receipt and beneficial occupancy. Beneficial occupancy is realized when the user accepts the facility from the contracting officer or his representative by signing a transfer receipt.

The Committee believes that the point at which a project is both substantially completed and beneficially occupied is the appropriate point in time from which to measure the 1-year period and that the ambiguities inherent in the previous language will disappear with this amendment.

The Committee, in expressing its frustration with the apparent lack of an objective means of establishing priorities for VA construction projects, directed the VA to submit a report on a methodology for prioritiz-

ing VA major construction projects prior to March 15, 1985. The VA did not deliver this report to the Committee prior to March 15. Fifty-six days after the requested date, the report was delivered to the Office of Management and Budget [OMB]. Seventy-four days after OMB received the report a copy was delivered to the Committee (July 23, 1985). The Committee wishes to indicate that this record of performance is unacceptable. The Committee has initially reviewed the report and utilized the techniques recommended to evaluate the projects that could be potentially funded in fiscal year 1986. The highest ranked of the replacement and modernization projects using the new methodology is the Baltimore Replacement Medical Center. The Committee directed the VA to deliver the study of the medical needs of the Baltimore area prior to April 1985. The study was transmitted to OMB 47 days after the requested date and has not been completed and delivered to the Committee. The Committee, therefore, recognizing the priority position of this project, directs the VA to use the $2,000,000 of advanced planning funds previously provided by the Committee for the Baltimore study in order to update the existing final design drawings of the Baltimore replacement hospital. This will permit the project to move forward without a delay in spite of the inability of both the VA and OMB to deliver the requested study. The Committee expects the report to now be expedited by the VA. Based on its highest ranking priority status, the Committee directs the VA to submit a budget estimate with the fiscal year 1987 request for full funding of a new Baltimore hospital. Such delays in compliance with explicit Committee directives will not be tolerated in the future.

The Committee has deleted $5,000,000 of the $20,000,000 budget request for the design due to an estimated $5,000,000 carryover. The VA is directed to proceed with the design of the two following projects in fiscal year 1986. The VA is directed to use available funds in fiscal year 1986 to prepare the working drawings for the $7,100,000 research and education facility at the White River Junction VAMC. This facility was the highest ranked research project for fiscal year 1986 in the VA's latest 5-year medical facility construction needs assessment document dated June 1984. The second project is a pedestrian passageway at the Portland VAMC. The Committee last year directed the VA to perform a feasibility study of such a passageway. The study indicated the no build option was undesirable and that the costs of the three construction options were estimated to be no higher than $4,000,000 to $5,000,000. The Committee, therefore, notes that the next step is the specific engineering and design of such a passageway and so directs the VA in fiscal year 1986 to use available funds to prepare the working drawings for this project. The Committee estimates that the design cost for these two projects would not exceed $770,000.

The Committee noted that it had deleted the three parking garages proposed for Philadelphia, Syracuse, and Durham to effect a savings of $25,800,000 to partially offset the Committee recommended increase in medical care funding above the budget request. The Committee notes

that in these difficult budget times when a decision has to be made between funding for parking garages and funding for medical care, the Committee will provide the available funding for the higher priority which is medical care. The Committee directs the VA to immediately promulgate a program by which parking facilities can be provided at VA medical center sites and the costs paid for or amortized by the charging of user fees. The Committee recognizes and appreciates the need for adequate parking facilities and will expeditiously consider authorizations for such construction when a fee-based cost-recovery system is implemented.

The Committee continues to direct the Administrator to report to the Comptroller General in the event that a contract for working drawings is not awarded by the end of fiscal year 1986 and/or the construction contract is not awarded by the end of fiscal year 1987. The Committee has included this provision to insure that construction funds are expeditiously obligated and that Congress is not presented with a de facto impoundment. The General Accounting Office will monitor the deferral of major construction account funds.

CONSTRUCTION, MINOR PROJECTS

1985 appropriation	$200,200,000
1986 budget estimate	195,406,000
House allowance	144,400,000
Committee recommendation	145,406,000

The construction, minor projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than $2,000,000, and expenses of the Office of Construction. Emphasis is placed on correction of code deficiencies in this appropriation request. The recommendation includes funding for personnel and other expenses of the Office of Construction.

COMMITTEE RECOMMENDATION

The Committee recommends $145,406,000 for this account. This is $50,000,000 less than the budget request and $1,006,000 more than the House allowance.

The Committee has deleted $50,000,000 from the request in the same fashion as the House because of the considerable increase in the unobligated balance for minor construction which is estimated to be $216,777,000 at the end of 1985.

The bill also includes a limitation of $36,313,000 which is $1,006,000 more than the request and the same as the limitation recommended by the House.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

1985 appropriation	$34,500,000
1986 budget estimate	22,000,000
House allowance	22,000,000
Committee recommendation	22,000,000

This account is used to provide grants to assist States in acquiring or constructing State home facilities for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home, or hospital care to veterans in State homes. The grant may not exceed 65 percent of the total cost of the project, and grants to any one State may not exceed one-third of the amount appropriated in any fiscal year.

As of September 30, 1984, Federal funds in excess of $149,993,000 have been obligated to help finance 169 projects in 35 States.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $22,000,000 for grants for construction of State extended care facilities in fiscal year 1986. This amount is the same as the budget request and the House allowance.

GRANTS FOR CONSTRUCTION OF STATE VETERANS CEMETERIES

1985 appropriation	$5,000,000
1986 budget estimate	3,000,000
House allowance	3,000,000
Committee recommendation	3,000,000

Public Law 98–223 authorized for another 5 years a Grants Program to assist individual States in establishing, expanding, and improving veterans cemeteries. The administration may make grants in an amount not to exceed 50 percent of the total value of the land and the cost of improvements, with the remaining amount to be contributed by the State. No State may receive in any fiscal year a total amount greater than 20 percent of the appropriations.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of $3,000,000 for this program during fiscal year 1986. This amount is the same as the budget estimate and the House allowance.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

1985 appropriation	$500,000
1986 budget estimate	500,000
House allowance	500,000
Committee recommendation	500,000

Public Law 97–72, enacted to assure the continued effective care and treatment of U.S. veterans at the Veterans Memorial Medical Center [VMMC], provides for an annual grant of $500,000 through 1986. The grant is for the replacement and upgrading of equipment and the rehabilitation of the VMMC's physical plant and facilities.

COMMITTEE RECOMMENDATION

The Committee recommends the budget estimate of $500,000 for grants to the Republic of the Philippines. This is the same level approved in the House allowance. This grant will assure the continued effective care and treatment of veterans at the medical center.

DIRECT LOAN REVOLVING FUND

(LIMITATION ON DIRECT LOANS)

The revenues and receipts from direct loan operations make funds available for the extension of credit to severely disabled veterans for specially adapted housing and for current expenses, excluding administrative expenses. Such funds also provide a source of financing to the Loan Guaranty Program through transfers to the Loan Guaranty Revolving Fund. The administration has requested that the appropriation language permitting transfers of unobligated balances between Direct Loan Revolving Fund and Loan Guaranty Revolving Funds be deleted. In 1986, 15 direct loans in the amount of $454,000 are expected to be closed.

The VA requested that the dollar limitation for specially adapted housing direct loans be removed in 1986.

COMMITTEE RECOMMENDATION

The Committee recommends $1,000,000 in limitation on direct loans.

This retains the House Direct Loan Revolving Fund limitation of $1,000,000.

LOAN GUARANTY REVOLVING FUND

1985 appropriation	$306,600,000
1986 budget estimate	404,600,000
House allowance	235,000,000
Committee recommendation	200,000,000

The fiscal year 1986 President's budget for loan guaranty requests an appropriation of $404,600,000 to help fund more than $1,900,000,000 in obligations. In addition, as part of a Governmentwide initiative to charge origination fees for Federal credit programs and maintain the solvency of these programs, legislation is proposed to increase the loan origination fee, from 1 to 5 percent, on both guaranteed and vendee (direct) loans. Purchasers of vendee (direct) loans, however, will have the option of paying the 5-percent fee or paying a 1-percent fee with a minimum 5 percent down payment and purchase of private mortgage insurance. Enactment of this legislation will eliminate the need for a 1986 appropriation request.

Legislation will also be proposed to repeal the authority to establish the maximum interest rate in favor of allowing negotiated rates between borrowers and lenders.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of $200,000,000 for the Loan Guaranty Revolving Fund. This is $204,600,000 less than the budget estimate and $35,000,000 less than the House allowance. It does not appear that the legislative proposal will be enacted in a timely fashion

The Committee notes the percentage where the guaranty is paid on regular (single-family) homes has been steadily increasing and should reduce the number of properties acquired in fiscal year 1986. In fiscal 1983, the VA acquired properties in 93 percent of the cases. In the first half of fiscal year 1985, the properties acquired had dropped to 88 percent of the total properties foreclosed. The Committee anticipates a significant increase in the collections from sales and an increase in the carryover from fiscal year 1985 that will reduce the appropriation required to $200,000,000.

TITLE III

CORPORATIONS

Federal Home Loan Bank Board

LIMITATION ON EXPENSES

1985 limitation	($24,381,000)
1986 budget estimate	(25,877,000)
House allowance	(26,213,000)
Committee recommendation	(26,213,000)

The Federal Home Loan Bank Board formulates policies for and supervises the operation of the 12 Federal home loan banks, the system of Federal savings and loan associations and federally chartered savings banks, the Federal Savings and Loan Insurance Corporation, and the Federal Home Loan Mortgage Corporation. It is also responsible for the examination of Federal savings and loan associations, federally chartered savings banks and State-chartered institutions insured by the Federal Savings and Loan Insurance Corporation. The necessary expenses of the Federal Home Loan Bank Board are paid from assessments against the 12 Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of $26,213,000 on necessary expenses of the Federal Home Loan Bank Board, as requested by the administration. This is the same as the House allowance and $336,000 more than the budget request. The Committee recommendation reflects the recent transfer of supervisory activities to the Federal Home Loan Banks. The Committee further recommends minor technical clarification of limitations contained in the House-passed bill.

Federal Savings and Loan Insurance Corporation

LIMITATION ON ADMINISTRATIVE EXPENSES

1985 limitation	($1,343,000)
1986 budget estimate	(1,440,000)
House allowance	(1,404,000)
Committee recommendation	(1,440,000)

The Federal Savings and Loan Insurance Corporation is authorized under title IV of the National Housing Act to insure savings in all Federal savings and loan associations, certain federally chartered savings banks, and in State-chartered institutions of the savings and loan type which apply and qualify for insurance. This protection, which insures each saver in a member association against financial loss up to a statu-

tory limit of $100,000, may be provided either through the prevention of default or the payment of insurance to savings account holders in the event of liquidation. The Corporation is also authorized to make loans to institutions in financial difficulty. The Corporation functions under the direction of the Federal Home Loan Bank Board, which provides administrative services. The expenses of the Board and its staff offices are paid from assessments made on the Corporation and the Federal Home Loan Banks.

COMMITTEE RECOMMENDATION

The Committee recommends $1,440,000 for the limitation on the administrative expenses of the Federal Savings and Loan Insurance Corporation in fiscal year 1986. This is the same as the budget request and $36,000 more than the House allowance.

TITLE IV—GENERAL PROVISIONS

The Committee concurs with all of the general provisions that were included in the fiscal year 1985 HUD–Independent Agencies Appropriations Act (Public Law 98–371) and were included by the House in this bill with the exception of two minor clarifications in section 401. These changes would exempt travel related to RCRA by EPA from the limitation and make clear that where increases over the budget estimates in individual accounts have been made, expenditures for travel may exceed amounts shown in the budget estimate by a proportionate amount.

The Committee also recommends a new general provision (section 416) which permits a transfer between appropriated accounts for the Environmental Protection Agency of up to 2 percent. The Committee expects the agency to continue its practice of obtaining prior Committee approval for such resource shifts.

COMPLIANCE WITH RULE XVI, PARAGRAPH 7

Rule XVI, paragraph 7 states:

"Every report on general appropriation bills filed by the Committee on Appropriations shall identify with particularity each recommended amendment which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session."

Until authorizations are enacted for the Department of Housing and Urban Development, the Environmental Protection Agency, the National Aeronautics and Space Administration, and the National Science Foundation, each of the accounts for these activities are potentially within the ambit of this provision.

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of Rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute, include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

With respect to this bill, it is the opinion of the Committee that it is necessary to dispense with these requirements in order to expedite the business of the Senate.

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a), PUBLIC LAW 93-344

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1986: Subcommittee on HUD-Independent Agencies	NA	54,832	NA	[1]62,475
Projections of outlays associated with budget authority recommended in the bill:				
1986				[2]36,575
1987				7,902
1988				2,838
1989				746
1990 and future year				6,798
Financial assistance to State and local governments for 1986 in the bill		12,258		1,277

[1] Includes outlays from prior year budget authority
[2] Excludes outlays from prior year budget authority
NA: Not applicable

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986

[Amounts in dollars]

Item	1985 Appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1985 Appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TITLE I							
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
HOUSING PROGRAMS							
Annual contributions for assisted housing (contract authority)	10,759,482,775	499,000,000	9,200,902,781	7,468,420,781	-3,291,061,994	+6,969,420,781	-1,732,482,000
(Rescission of assisted housing deobligations)	-1,292,000,000	-859,000,000	-859,000,000	-634,000,000	+658,000,000	+225,000,000	+225,000,000
Annual contributions for assisted housing (net)	9,467,482,775	-360,000,000	8,341,902,781	6,834,420,781	-2,633,061,994	+7,194,420,781	-1,507,482,000
(Increased limitation for annual contract authority)	(847,524,808)	(356,445,540)	(756,897,547)	(802,947,547)	(-44,577,261)	(+446,502,007)	(+46,050,000)
(Rescission of assisted housing deobligations annual contract authority)	(-34,675,000)	(-33,611,000)	(-33,611,000)	(-33,611,000)	(+1,064,000)	---	---
(Increased limitation for annual contract authority (net))	(812,849,808)	(322,834,540)	(723,286,547)	(769,336,547)	(-43,513,261)	(+446,502,007)	(+46,050,000)
Rent supplement (rescission of contract authority, indefinite)	-1,597,882,000	---	---	---	+1,597,882,000	---	---
(Limitation on annual contract authority, indefinite)	(-72,631,000)	---	---	---	(+72,631,000)	---	---

Rental housing assistance (rescission of contract authority, indefinite)	-69,060,000	-56,000,000	-56,000,000	-56,000,000	+13,060,000	---	---
(Limitation on annual contract authority, indefinite)	(-4,331,000)	(-2,000,000)	(-2,000,000)	(-2,000,000)	(+2,331,000)	---	---
Housing for the elderly or handicapped fund (authority to borrow, indefinite)	564,428,000	19,929,000	601,133,000	601,133,000	+36,705,000	+581,204,000	---
(Limitation on direct loans)	(600,000,000)	(50,000,000)	(631,033,000)	(631,033,000)	(+31,033,000)	(+581,033,000)	---
Congregate services	4,144,000	---	2,700,000	2,700,000	-1,444,000	+2,700,000	---
Payments for operation of low-income housing projects	1,138,500,000	1,010,600,000	1,210,600,000	1,260,600,000	+122,100,000	+250,000,000	+50,000,000
Housing counseling assistance	3,500,000	---	4,000,000	3,500,000	---	+3,500,000	-500,000
Federal Housing Administration Fund	387,683,000	239,762,000	239,762,000	239,762,000	-147,921,000	---	---
Portion applied to debt reduction	-215,000,000	-155,375,000	-155,375,000	-155,375,000	+59,625,000	---	---
(Limitation on guaranteed loans)	(50,900,000,000)	(50,900,000,000)	(50,900,000,000)	(60,000,000,000)	(+9,100,000,000)	(+9,100,000,000)	(+9,100,000,000)
Temporary mortgage assistance payments (limitation on direct loans)	(65,448,000)	(89,222,000)	(89,222,000)	(89,222,000)	(+23,774,000)	---	---
Total, Federal Housing Administration Fund	172,683,000	84,387,000	84,387,000	84,387,000	-88,296,000	---	---
Nonprofit sponsor assistance (limitation on direct loans)	(1,880,000)	(500,000)	(500,000)	(1,000,000)	(-880,000)	(+500,000)	(+500,000)
Government National Mortgage Association							
Payment of participation sales insufficiencies	745,000	---	---	---	-745,000	---	---
Guarantees of mortgage-backed securities (limitation on guaranteed loans)	(68,250,000,000)	(68,250,000,000)	(68,250,000,000)	(68,250,000,000)	---	---	---
Total, Housing Programs	9,684,540,775	698,916,000	10,188,722,781	8,730,740,781	-953,799,994	+8,031,824,781	-1,457,982,000
SOLAR ENERGY AND ENERGY CONSERVATION BANK							
Assistance for solar and conservation improvements	15,000,000	---	20,000,000	---	-15,000,000	---	-20,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued

[Amounts in dollars]

Item	1985 Appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1985 Appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
COMMUNITY PLANNING AND DEVELOPMENT							
Community development grants	3,472,000,000	3,124,800,000	3,124,800,000	3,124,800,000	-347,200,000	---	---
(Limitation on guaranteed loans)	(225,000,000)	---	(225,000,000)	(225,000,000)	---	(+225,000,000)	---
Urban development action grants	440,000,000	---	330,000,000	352,000,000	-88,000,000	+352,000,000	+22,000,000
Urban homesteading	12,000,000	12,000,000	12,000,000	12,000,000	---	---	---
Total, Community Planning and Development	3,924,000,000	3,136,800,000	3,466,800,000	3,488,800,000	-435,200,000	+352,000,000	+22,000,000
POLICY DEVELOPMENT AND RESEARCH							
Research and technology	16,900,000	18,900,000	16,900,000	18,900,000	+2,000,000	---	+2,000,000
FAIR HOUSING AND EQUAL OPPORTUNITY							
Fair housing assistance	6,700,000	5,000,000	6,700,000	6,700,000	---	+1,700,000	---
Fair housing initiatives 1/	---	(10,000,000)	---	---	---	(-10,000,000)	---
Total, Fair Housing and Equal Opportunity	6,700,000	5,000,000	6,700,000	6,700,000	---	+1,700,000	---

1/ Transmittal pending enactment of authorizing legislation.

MANAGEMENT AND ADMINISTRATION							
Salaries and expenses	295,235,000	324,027,000	341,427,000	337,320,000	+42,085,000	+13,293,000	-4,107,000
(By transfer, limitation on FHA corporate funds)	(282,035,000)	(233,204,000)	(251,404,000)	(254,366,000)	(-27,719,000)	(+21,162,000)	(+2,962,000)
Total, title I, Department of Housing and Urban Development:							
New budget (obligational) authority	13,942,375,775	4,183,643,000	14,040,549,781	12,582,460,781	-1,359,914,994	+8,398,817,781	-1,458,089,000
Appropriations	5,792,407,000	4,735,089,000	5,308,889,000	5,358,282,000	-434,125,000	+623,193,000	+49,393,000
Portion applied to debt reduction	-215,000,000	-155,375,000	-155,375,000	-155,375,000	+59,625,000	---	---
Contract authority	10,759,482,775	499,000,000	9,200,902,781	7,468,420,781	-3,291,061,994	+6,969,420,781	-1,732,482,000
Rescission of contract authority, indefinite	-2,958,942,000	-915,000,000	-915,000,000	-690,000,000	+2,269,942,000	+225,000,000	+225,000,000
Authority to borrow	564,428,000	19,929,000	601,133,000	601,133,000	+36,705,000	+581,204,000	---
(Increased limitation for annual contract authority)	(847,524,808)	(356,445,540)	(756,897,547)	(802,947,547)	(-44,577,261)	(+446,502,007)	(+46,050,000)
(Limitation on annual contract authority, indefinite)	(-76,962,000)	(-2,000,000)	(-2,000,000)	(-2,000,000)	(+74,962,000)	---	---
(Limitation on direct loans)	(667,328,000)	(139,722,000)	(720,755,000)	(721,255,000)	(+53,927,000)	(+581,533,000)	(+500,000)
(Limitation on corporate funds to be expended)	(282,085,000)	(233,204,000)	(251,404,000)	(254,366,000)	(-27,719,000)	(+21,162,000)	(+2,962,000)
TITLE II							
INDEPENDENT AGENCIES							
AMERICAN BATTLE MONUMENTS COMMISSION							
Salaries and expenses	11,065,000	11,004,000	10,954,000	10,954,000	-111,000	-50,000	---
CONSUMER PRODUCT SAFETY COMMISSION							
Salaries and expenses	36,000,000	34,575,000	37,000,000	34,900,000	-1,100,000	+325,000	-2,100,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued

[Amounts in dollars]

Item	1985 Appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1985 Appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
DEPARTMENT OF DEFENSE - CIVIL							
Cemeterial Expenses, Army							
Salaries and expenses	7,759,000	14,932,000	7,759,000	14,778,000	+7,019,000	-154,000	+7,019,000
ENVIRONMENTAL PROTECTION AGENCY							
Salaries and expenses	656,275,000	670,416,000	690,176,000	688,376,000	+32,101,000	+17,960,000	-1,800,000
Research and development	193,000,000	212,400,000	223,400,000	228,750,000	+35,750,000	+16,350,000	+5,350,000
Abatement, control and compliance	460,500,000	495,500,000	577,600,000	577,600,000	+117,100,000	+82,100,000	---
Buildings and facilities	12,000,000	5,000,000	5,000,000	5,000,000	-7,000,000	---	---
Subtotal, operating programs	1,321,775,000	1,383,316,000	1,496,176,000	1,499,726,000	+177,951,000	+116,410,000	+3,550,000
Payment to the hazardous substance response trust fund	44,000,000	---	---	---	-44,000,000	---	---
Hazardous substance response trust fund	620,000,000	900,000,000	---	---	-620,000,000	-900,000,000	---
Construction grants	2,400,000,000	2,400,000,000	---	---	-2,400,000,000	-2,400,000,000	---
Total, Environmental Protection Agency	4,385,775,000	4,683,316,000	1,496,176,000	1,499,726,000	-2,886,049,000	-3,183,590,000	+3,550,000
EXECUTIVE OFFICE OF THE PRESIDENT							
Council on Environmental Quality and Office of Environmental Quality	700,000	732,000	700,000	732,000	+32,000	---	+32,000

Office of Science and Technology Policy	2,194,000	2,091,000	2,343,000	2,343,000	+149,000	+252,000	---
Total, Executive Office of the President	2,894,000	2,823,000	3,043,000	3,075,000	+181,000	+252,000	+32,000
FEDERAL EMERGENCY MANAGEMENT AGENCY							
Disaster relief	100,000,000	194,000,000	194,000,000	145,000,000	+45,000,000	-49,000,000	-49,000,000
Salaries and expenses	130,149,000	119,031,000	118,746,000	122,000,000	-8,149,000	+2,969,000	+3,254,000
Emergency management planning and assistance	331,219,000	232,362,000	248,910,000	271,182,000	-60,037,000	+38,820,000	+22,272,000
National flood insurance fund	200,205,000	92,852,000	92,852,000	92,852,000	-107,353,000	---	---
Portion applied to debt reduction	-200,205,000	-92,852,000	-92,852,000	-92,852,000	+107,353,000	---	---
National insurance development fund	---	---	---	(10,000,000)	(+10,000,000)	(+10,000,000)	(+10,000,000)
Emergency food and shelter program	---	---	70,000,000	50,000,000	+50,000,000	+50,000,000	-20,000,000
Total, Federal Emergency Management Agency	561,368,000	545,393,000	631,656,000	588,182,000	+26,814,000	+42,789,000	-43,474,000
GENERAL SERVICES ADMINISTRATION							
Consumer Information Center	1,149,000	1,249,000	1,249,000	1,249,000	+100,000	---	---
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Office of Consumer Affairs	2,096,000	1,988,000	1,988,000	2,028,000	-68,000	+40,000	+40,000
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
Research and development	2,422,600,000	2,881,800,000	2,756,800,000	2,790,800,000	+368,200,000	-91,000,000	+34,000,000
Space flight, control and data communications	3,601,800,000	3,509,900,000	3,402,900,000	3,412,900,000	-188,900,000	-97,000,000	+10,000,000
Construction of facilities	150,000,000	149,300,000	139,300,000	141,300,000	-8,700,000	-8,000,000	+2,000,000
Research and program management	1,317,000,000	1,387,000,000	1,367,000,000	1,370,000,000	+53,000,000	-17,000,000	+3,000,000
Total, National Aeronautics and Space Administration	7,491,400,000	7,928,000,000	7,666,000,000	7,715,000,000	+223,600,000	-213,000,000	+49,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued

[Amounts in dollars]

Item	1985 Appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1985 Appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NATIONAL CREDIT UNION ADMINISTRATION							
Central liquidity facility:							
(Limitation on direct loans)	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	---	---	---
(Limitation on administrative expenses, corporate funds)	(850,000)	(850,000)	(850,000)	(850,000)	---	---	---
NATIONAL SCIENCE FOUNDATION							
Research and related activities	1,301,912,000	1,399,593,000	1,347,205,000	1,363,000,000	+61,088,000	-36,593,000	+15,795,000
Program development and management (limitation on administrative expenses)	(70,302,000)	(69,900,000)	(71,743,000)	(72,000,000)	(+1,698,000)	(+2,100,000)	(+257,000)
United States Antarctic Program activities	110,080,000	120,100,000	115,100,000	115,100,000	+5,020,000	-5,000,000	---
Science education activities	87,000,000	50,550,000	60,550,000	60,550,000	-26,450,000	+10,000,000	---
Scientific activities overseas (special foreign currency program)	2,800,000	1,000,000	1,000,000	1,000,000	-1,800,000	---	---
Total, National Science Foundation	1,501,792,000	1,571,243,000	1,523,855,000	1,539,650,000	+37,858,000	-31,593,000	+15,795,000
NEIGHBORHOOD REINVESTMENT CORPORATION							
Payment to the Neighborhood Reinvestment Corporation	15,512,000	14,669,000	17,669,000	16,669,000	+1,157,000	+2,000,000	-1,000,000

SELECTIVE SERVICE SYSTEM							
Salaries and expenses	27,780,000	27,664,000	27,780,000	27,780,000	---	+116,000	---
DEPARTMENT OF THE TREASURY							
Payments to Local Government Fiscal Assistance Trust Fund	4,566,700,000	4,566,700,000	3,425,025,000	4,566,700,000	---	---	+1,141,675,000
Office of Revenue Sharing, salaries and expenses	7,941,000	8,000,000	8,000,000	7,800,000	-141,000	-200,000	-200,000
Financing public housing	300,000,000	---	---	---	-300,000,000	---	---
HUD public housing interest subsidy payments	---	---	---	---	---	---	---
Portfolio liquidation	---	---	---	---	---	---	---
Total, Department of the Treasury	4,874,641,000	4,574,700,000	3,433,025,000	4,574,500,000	-300,141,000	-200,000	+1,141,475,000
VETERANS ADMINISTRATION							
Compensation and pensions	13,992,900,000	14,160,800,000	14,160,800,000	14,160,800,000	+167,900,000	---	---
Readjustment benefits	1,137,800,000	1,026,000,000	1,026,000,000	826,000,000	-311,800,000	-200,000,000	-200,000,000
Veterans insurance and indemnities	11,000,000	9,750,000	9,750,000	9,750,000	-1,250,000	---	---
Medical care	8,792,165,000	9,292,974,000	9,368,694,000	9,358,694,000	+566,529,000	+65,720,000	-10,000,000
Medical and prosthetic research	192,695,000	191,370,000	195,840,000	191,370,000	-1,325,000	---	-4,470,000
Medical administration and miscellaneous operating expenses	70,000,000	57,119,000	61,119,000	57,119,000	-12,881,000	---	-4,000,000
General operating expenses	750,454,000	768,250,000	760,547,000	760,060,000	+9,606,000	-8,190,000	-487,000
Construction, major projects	568,194,000	417,200,000	516,160,000	486,600,000	-81,594,000	+69,400,000	-29,560,000
Construction, minor projects	200,200,000	195,406,000	144,400,000	145,406,000	-54,794,000	-50,000,000	+1,006,000
(Limitation on administrative expenses)	(39,104,000)	(35,307,000)	(36,313,000)	(36,313,000)	(-2,791,000)	(+1,006,000)	---
Grants for construction of State extended care facilities	34,500,000	22,000,000	22,000,000	22,000,000	-12,500,000	---	---
Grants for construction of State veterans cemeteries	5,000,000	3,000,000	3,000,000	3,000,000	-2,000,000	---	---
Grants to the Republic of the Philippines	500,000	500,000	500,000	500,000	---	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued

[Amounts in dollars]

Item	1985 Appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1985 Appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Direct loan revolving fund (limitation on direct loans)	(1,000,000)	---	(1,000,000)	(1,000,000)	---	(+1,000,000)	---
Loan guaranty revolving fund	306,600,000	404,600,000	235,000,000	200,000,000	-106,600,000	-204,600,000	-35,000,000
Total, Veterans Administration	26,062,008,000	26,548,969,000	26,503,810,000	26,221,299,000	+159,291,000	-327,670,000	-282,511,000
Total, title II, Independent Agencies:							
New budget (obligational) authority	44,981,239,000	45,960,525,000	41,361,964,000	42,249,790,000	-2,731,449,000	-3,710,735,000	+887,826,000
Appropriations	45,181,444,000	46,053,377,000	41,454,816,000	42,342,642,000	-2,838,802,000	-3,710,735,000	+887,826,000
Portion applied to debt reduction	-200,205,000	-92,852,000	-92,852,000	-92,852,000	+107,353,000	---	---
(Limitation on administrative expenses)	(109,406,000)	(105,207,000)	(108,056,000)	(108,313,000)	(-1,093,000)	(+3,106,000)	(+257,000)
(Limitation on direct loans)	(601,000,000)	(600,000,000)	(601,000,000)	(601,000,000)	---	(+1,000,000)	---
(Limitation on corporate funds to be expended)	(850,000)	(850,000)	(850,000)	(850,000)	---	---	
TITLE III							
CORPORATIONS							
Federal Home Loan Bank Board:							
(Limitation on non-administrative expenses, corporate funds)	(43,184,000)	(45,032,000)	---	---	(-43,184,000)	(-45,032,000)	---
(Limitation on administrative expenses, corporate funds)	(24,381,000)	(25,877,000)	(26,213,000)	(26,213,000)	(+1,832,000)	(+336,000)	

Federal Savings and Loan Insurance Corporation:							
(limitation on administrative expenses, corporate funds)	(1,343,000)	(1,440,000)	(1,404,000)	(1,440,000)	(+97,000)	---	(+36,000)
Total, title III, Corporations	(68,908,000)	(72,349,000)	(27,617,000)	(27,653,000)	(-41,255,000)	(-44,696,000)	(+36,000)
RECAPITULATION							
Grand total:							
New budget (obligational) authority	58,923,614,775	50,144,168,000	55,402,513,781	54,832,250,781	-4,091,363,994	+4,688,082,781	-570,263,000
Appropriations	50,973,851,000	50,788,466,000	46,763,705,000	47,700,924,000	-3,272,927,000	-3,087,542,000	+937,219,000
Portion applied to debt reduction	-415,205,000	-248,227,000	-248,227,000	-248,227,000	+166,978,000	---	---
Contract authority	10,759,482,775	499,000,000	9,200,902,781	7,468,420,781	-3,291,061,994	+6,969,420,781	-1,732,482,000
Rescission of contract authority, indefinite	-2,958,942,000	-915,000,000	-915,000,000	-690,000,000	+2,268,942,000	+225,000,000	+225,000,000
Authority to borrow	564,428,000	19,929,000	601,133,000	601,133,000	+36,705,000	+581,204,000	---
(Increased limitation for annual contract authority)	(847,524,808)	(356,445,540)	(756,897,547)	(802,947,547)	(-44,577,261)	(+446,502,007)	(+46,050,000)
(Limitation on administrative expenses)	(109,406,000)	(105,267,000)	(108,056,000)	(108,313,000)	(-1,093,000)	(+3,106,000)	(+257,000)
(Limitation on annual contract authority, indefinite)	(-76,962,000)	(-2,000,000)	(-2,000,000)	(-2,000,000)	(+74,962,000)	---	---
(Limitation on direct loans)	(1,268,328,000)	(739,722,000)	(1,321,755,000)	(1,322,255,000)	(+53,927,000)	(+582,533,000)	(+500,000)
(Limitation on guaranteed loans)	(119,375,000,000)	(119,150,000,000)	(119,375,000,000)	(128,475,000,000)	(+9,100,000,000)	(+9,325,000,000)	(+9,100,000,000)
(Limitation on corporate funds to be expended)	(351,843,000)	(306,403,000)	(279,871,000)	(282,869,000)	(-68,974,000)	(-23,534,000)	(+2,998,000)